

Annual Report 2017

Coleraine and District Financial Services
Limited

Coleraine & District **Community Bank**[®] Branch

ABN 77 102 030 017

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CHAIRMAN'S REPORT– 2017

On behalf of the Directors of the Coleraine & District Financial Services; I have the great pleasure in presenting the 2016/17 report to you our shareholders.

Our company has had a challenging and exciting year with continuing tightening of banking 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.

Over our 14 years of operation we have returned a staggering cumulative total of \$650,000 to our community through community grants, sponsorship, donations and shareholder dividends. 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 our partnerships this year was with the Harrow Bush Nursing Centre. We sponsored 17 local learner drivers to attend the Australian Driving Institute Aust drive, a youth driver training program for learner drivers held in Harrow. Investing in this driving training for our youth not only improves their driving knowledge and skills, but also could save lives on dangerous country roads.

I am pleased to announce that this year through our community grants program we have contributed \$20,000 to the Balmoral Community Centre redevelopment at the Recreation Reserve. The new building will be a great opportunity to bring people together in a large multi-use complex for the community of Balmoral; a local community which we are closely connected with and look forward to continually growing with.

The Coleraine & District **Community Bank**[®] Branch has a great history of contributing "seed" funding to many community groups and organisations. If not for our "seed" funding, events like, the Coleraine Pedal Car Grand Prix or a service that the Coleraine Men's Shed provide, would not have grown to what they are today.

We are proud to announce that we have committed \$6,000 to the Sandford Bush Festival. Our "seed" funding will help establish this festival in March 2018 and greatly assist the community of Sandford to develop this event into an annual occurrence, "together we shall grow".

I would like to recognise the Directors of the Coleraine and District Financial Services Limited. Without their endless volunteered hours and skills they our community bank branch would not be the success it is today. To Coralie Coulson, Elizabeth Britten, Greg Hodgson, John Kane, Tim Johnston, Simon Ferrier, Beccy Wishart, Steve Zippel, Shannyn McElgunn, Gabrielle Baudinette and Andrew Povey, I say "thank you". A big thank you must also go to Simon Ferrier who took on the role of Chairman in my absence and did a sensational job of leading this great little organisation. 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. Leanne Martin in the role of Regional Manager and Mark O'Dowd as our Regional Community Manager. 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 & District Financial Services Limited

Branch Manager's Report

I am pleased to present my first Branch Manager's Report in our 14th year of operation.

The 2016/17 financial year has been challenging with record paying down of debt and continued low interest rates on investments.

The Banking Sector is more competitive than it has ever been, with aggressive marketing by the "Big 4" and overseas owned Banks like RaboBank.

This makes it more important for you to be a customer of ours. It's the banking business that is critical to the community success of the branch.

There are four groups of people I need to thank:

Our staff

Many thanks go to Caroline, Anne, Sharon and Megan who continue to support me and engage with our customers to fulfil their financial needs on a daily basis and keeping abreast of continual change.

Also, thank you to the staff at our Casterton agency, Julie, Narelle, Dani and Karyn, who assist our growing customer base there.

Ewan Tope (Agribusiness Manager), Belinda Palmer (Farm/Small Business Insurance Specialist) and Steve Harris (Financial Planner) continue to support our customers in their areas of expertise.

This year has also seen the return of Tamara Nash as our Customer Relationship Officer based in Casterton. Her 25 years' experience (including six previously with us) will be invaluable in growing our business in Casterton and surrounds.

Customers

As of July 2017 our Funds under Management sit at \$71.3 million and during the year our customer numbers increased from 1,832 to 1,897, with our total accounts having grown from 2,824 to 2,894.

Every new customer, every new account/loan/insurance policy, leads to more that's available to be paid in community contributions.

Board of Directors

Thanks go to our Directors of the **Community Bank**[®] company who volunteer their time in an effort to grow our business and community relationships.

Shareholders

Your ongoing support is extremely important and we would welcome the opportunity to grow your banking relationship with us and for you to introduce to us any community groups you're involved in and any business acquaintances that can help us get more customers and business onto the books.

Over the year we've seen our business accounts improved and Community Sector Banking products relaunched, as well as our Home Loan and Business Loan offerings strengthened. Our Community POS continues to be very popular with our customers as well.

Our branch was No. 1 in our Region for our General Insurance budget. As term deposit rates remain low, we have had great success in providing our customers with alternative investment options and loan protection products.


Providing day-to-day banking for our Rural Bank customers is easier and quicker now that they are on the one system with our customers. The recent merger of Rural Bank and Rural Finance has added more specialists to our team and increased our opportunities.

Our branch has a wonderful support network provided by our Head Office in Bendigo, State Office in Ballarat, travelling Regional Support Staff and Business Banking support in Warrnambool.

Bendigo Bank is Australia's 5th largest Bank and our community is in a unique position. The difference with the **Community Bank**[®] model is that every time people bank with a **Community Bank**[®] branch, the bottom line increases and community contributions via sponsorship, grants and dividends increase.

If you don't bank with us, you really are missing out on something special.

My team of local staff and specialists look forward to building long-term partnerships with our customers to assist in meeting their financial goals. We look forward to seeing you soon!



Justin Bryant

Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2017

As we approach 20 years since the first **Community Bank**[®] branch opened its doors, it's timely to reflect on the role of our network's 70,000-strong shareholders and its army of nearly 2,000 passionate local Directors.

As a group of people you are a powerful force that continues to influence change both locally and nationally.

United for a shared purpose in your communities, you are making big things happen beyond the delivery of great banking products and services; you're creating jobs, helping businesses to thrive, solving problems and achieving outcomes that will make your communities better places to live and do business.

Amongst other things, you are providing hundreds of thousands of people in communities around Australia with new opportunities to:

- Play sport in new **Community Bank**[®] funded centres.
- Continue their education thanks to a **Community Bank**[®] scholarship.
- Seek treatment in hospitals closer to home with equipment funded through a **Community Bank**[®] grant.
- Reap the environmental benefits of **Community Bank**[®] funded solar panels and LED lighting, and
- Access mental health services for teenage children with a service supported by a local **Community Bank**[®] branch.

In fact, since the model's inception your investment in local communities exceeds \$165 million and that figure continues to grow every year. This amount excludes the significant co-investment on key projects that many companies have obtained from Government and other parties.

Nationally our voices are increasingly being heard, and our collaborative approach recognised and celebrated.

Representing us all at a recent forum at Canberra's Parliament House, Bendigo Bank's Managing Director and Chairman reinforced the significance of the **Community Bank**[®] model's achievements and called for regulatory change that would help us compete in a crowded and ever-evolving banking sector. Just two months later, the Federal Government announced a levy on Australia's biggest banks that is set to re-level the playing field as we've regularly advocated for.

But for us this is more than a levy. The Turnbull Government's announcement recognises the importance of customers having access to a robust, competitive and customer-focused banking sector. On this note Bendigo Bank was recently recognised as the banking provider of choice in the annual Mozo People's Choice Awards. Better yet, out of 110 banking providers nationally, we were the only bank recognised in all eight banking categories – and were rated the leading bank in six of those eight categories.

This is an extraordinary achievement for you and our bank. Not only does it demonstrate that, in the eyes of our customers, we are doing something right – it very clearly outlines that together we can continue to achieve results.

As we've long known, the more successful our customers are, the stronger our communities become. In this regard the **Community Bank**[®] model enables these outcomes for customers and communities, as increasingly recognised by more and more Australians.

So thank you for your investment in your local **Community Bank**[®] company, for your ongoing contribution and support, tireless advocacy and continued commitment to building strong local communities. Without this, our **Community Bank**[®] branches would be just another bank.



Robert Musgrove
Executive Engagement Innovation

COLERAINE AND DISTRICT FINANCIAL SERVICES LIMITED

Community Grants, Donations & Sponsorships

Approved For Year ended 30th June 2017

Schools:

• Coleraine Primary School – Swimming Program & THRASS	\$600	
• Merino Primary School – Stephanie Alexander Program	\$550	
• St Joseph’s Primary School – Digital Program	\$100	
• Year 6 Graduation Bursaries (12 students x \$100 3 schools)	\$1,200	\$2,450

Sporting:

• Harrow/Balmoral Football & Netball Club (3 year deal)	\$5,000	
• Merino Golf Club – Stableford Championship	\$300	
• Coleraine Football & Netball Club (5 year deal)	\$3,500	
• Coleraine Golf Club	\$1,000	
• Coleraine Bowling Club	\$660	
• Coleraine Racing Club	\$1,250	
• Coleraine Cricket Club – uniforms for the women and U14’s	\$500	
• Casterton Cycling Event	\$500	
• Casterton Croquet Club	\$450	\$13,160

Community:

• Balmoral Lions Club - Show ‘n’ Shine	\$250	
• Coleraine & District Development Association - Art Show/Carnival	\$550	
• Coleraine & District Development Association – Exercise Equipment	\$1,300	
• Coleraine Community Car – Fuel	\$1,000	
• Coleraine Lions Club	\$50	
• Coleraine Action Club – show bags and donation	\$150	
• Coleraine / Balmoral Men’s Shed – caps with bank logo	\$365	
• Coleraine P & A Society – Fireworks display	\$3,000	
• Casterton P & A Society - Kids Activities	\$2,500	
• Casterton Kelpie Muster – Art Show	\$250	
• Sandford Bush Festival – Stumpy Gully Band	\$6,000	
• Merino / Digby Lions Club – new laptop computer	\$1,060	
• Merino Community Festival	\$500	
• Merino Cemetery – Help with the purchase of a new Mower	\$1,500	
• “Magic Moments” – 2 students for Leadership Course	\$605	
• Variety Bash Car Rally	\$500	
• Harrow Driving Course – Defensive Driving Training	\$850	
• Coleraine Pedal Car Grand Prix	\$500	\$20,930

Charitable:

• Youth Foundation – intervention for youth detention	\$400	
• Movember	\$100	\$500

Marketing:

• Collaborative Marketing	\$4,500	\$4,500
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GRAND TOTAL: \$41,540

** The above projects were approved by the Board during 2016/17 and some will be expended in 2017/18 **

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Directors' report

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

Directors

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

GRANT JAMES LITTLE	
Position	Chairperson
Professional qualifications	Graduate Diploma of Strategic Business Management
Experience and expertise	15 years managing Nareen Station Pty Ltd, Chairman of the Coleraine Hospital Advisory Committee, local CFA captain.

CORALIE LOUISE COULSON	
Position	Director
Professional qualifications	Diploma Orthopaedics, Australian College of Ophthalmology & Graduate Australian Institute Company Directors
Experience and expertise	Employed as an Orthotists in private Ophthalmological practices & Adelaide Children's Hospital 1975-1981 Practice Manager, Coleraine Casterton Medical, 1997-2003 Councillor, Southern Grampians Shire Council 2004-2008 Director, Glenelg Hopkins Catchment Management Authority 2009 - 2013. Director, Great South Coast Group (Regional Development body) 2012 - current

ELIZABETH MARY BRITTEN	
Position	Director
Professional qualifications	BA, B Mus, Dip Ed (Melb Uni)
Experience and expertise	Teacher, St Catherine's School, Toorak 2 years, 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

GREGORY HODGSON	
Position	Director
Professional qualifications	
Experience and expertise	Self employed farmer most of my working life and involvement in various community groups over many decades, particularly CFA and Landcare.

JOHN THOMAS KANE	
Position	Director
Professional qualifications	
Experience and expertise	25 year career in the Victorian Public Service in various senior management positions with the Department of agriculture, health, Education, Conservation Forest & Lands and Business sand employment. Extensive involvement with sporting and community groups over decades. self employed farmer since 1996.

REBECCA WISHART	
Position	Director
Professional qualifications	Bachelor of commerce (Accounting), CPA completed 2009, UNSW SMSF
Experience and expertise	Been working in the accounting industry since graduating in 20004. 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.

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Directors' report

TIMOTHY JAMES JOHNSTON	
Position	Director
Professional qualifications	B.Ru.Sc. (Hons)
Experience and expertise	Principal Waradgery Pastoral CO & Manager Kowarna Partnership; Director Gambeth Nominees & Hambleton Investments (family companies). Community involvement including CFA and Pony club.

VALERIE JOYCE LAWSON - Resigned 18/10/16	
Position	Director
Professional	Diploma of Management
Experience and expertise	40 years experience in fashion, footwear, jewellery and carpet businesses. Many years associated with various community groups.

SIMON RODERICK FERRIER	
Position	Director
Professional qualifications	Advanced Diploma in Applied Science (Farm Management)
Experience and expertise	Training co-ordinator at RIST, lecturer/Project Officer at Murrumbidgee College of Agriculture, Consultant World Food program (Cambodia & Thailand), Teacher in pang, Mechanic with Dept. Crown Lands & Survey.

MARK TEMPLETON - Resigned 18/10/2016	
Position	Director
Professional qualifications	B.Business (Property) Agents Rep. Real Estate
Experience and expertise	Director, HM 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.

LYNDA MCARLIEN - Appointed 26/07/2016 Resigned 08/03/2017	
Position	Director
Professional qualifications	
Experience and expertise	

STEVE ZIPPEL - Appointed 26/07/2016	
Position	Director
Professional qualifications	
Experience and expertise	

SHANNYN MCELGUNN- Appointed 24/01/2017	
Position	Director
Professional qualifications	Bachelor of Education (Primary)
Experience and expertise	Language teacher (Indonesian) at St Joseph's Coleraine and Sacred Heart, Casterton 2014-present. Classroom teacher St. Joseph's Warrnambool 2006, 2009-2011, Special Needs Co-ordinator and classroom teacher Petts Hills School, London UK 2007-2008. Community involvement includes Coleraine Playgroup co-ordinator, Vice President of the St. Joseph's Parent association, Mini Vinnies (Warrnambool and Coleraine) and various fundraising groups.

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Directors' report

GABRIELLE BAUDINETTE- Appointed 25/04/2017	
Position	Director
Professional qualifications	CPA; Diploma of Financial Planning
Experience and expertise	Volunteer with the Coleraine Fire Brigade and Director of Coleraine Joinery & Building Supplies with my husband Quentin. Currently studying. Previously worked for 10 years in Aged Care Finance. Previous member of the Coleraine Hospital Advisory Committee for 10 years. Interests include bush walking, singing and reading.

ANDREW POVEY- Appointed 25/04/2017	
Position	Director
Professional qualifications	Qualified Plumber and Gasfitter. Certificate IV In Business (Front line Management).
Experience and expertise	Employed at Wannon Water as Team Leader Civil Maintenance. Life Member Hamilton and District Cricket Association. Past President of three years with Coleraine Football Netball Club. Seven years as Manager of Junior Football within Coleraine Football Netball Club. Current Football Manager Coleraine Football Netball Club.

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:

Director	Board meetings	
	A	B
Grant Little	12	10
John Kane	12	12
Elizabeth Britten	12	12
Tim Johnston	12	10
Greg Hodgson	12	7
Simon Ferrier	12	11
Coralie Coulson	12	9
Rebecca Wishart	12	11
Steve Zippel	11	8
Gabrielle Baudinette	1	1
Valerie Lawson	4	4
Mark Templeton	4	4
Lynda McArlien	8	2
Andrew Povey	3	0
Shannyn McElgunn	6	4

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Company Secretary

Rebecca Wishart has been the Company Secretary of Coleraine & District Financial Services Limited since 2017.

Rebecca's qualifications and experience include a Bachelor of Commerce and CPA registration.

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Directors' report

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 loss of the company for the financial year after provision for income tax was \$1,176 (2016 profit: \$51,453), which is a decrease as compared with the previous year due to an adjustment for taxation small business depreciation which impacts on deferred tax.

Dividends

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

No dividend has been declared or paid for the year ended 30 June 2017.

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.

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Directors' report

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is 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 & 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 2017.

The remuneration per Director is as follows:

	2017
	\$
Grant Little	2,000
Rebecca Wishart	750
John Kane	750
Tim Johnston	2,000
Elizabeth Britten	500
	<hr/> <hr/> 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 5 September 2017.



Grant James Little
Director

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

Opinion

We have audited the financial report of Coleraine & District Financial Services Limited, which comprises the balance sheet as at 30 June 2017, and the comprehensive income statement, the cash flow statement, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

In our opinion, the accompanying 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 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of 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. We are independent of the Coleraine & District Financial Services Limited in accordance with 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, and we have fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist Coleraine & District Financial Services Limited. in complying with the to meet the requirements of the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Financial Report

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

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

Those charged with governance are responsible for overseeing the Coleraine & District Financial Services Limited's financial reporting process.

Auditor's Responsibilities 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coleraine & District Financial Services Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Coleraine & District Financial Services Limited's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Coleraine & District Financial Services Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

McLaren Hunt
MCLAREN HUNT
AUDIT & ASSURANCE

Nm.
NARELLE MCLEAN
PARTNER

Dated at Warrnambool; 7th September 2017

199 Koroit Street | PO Box 677 | Warrnambool VIC 3280
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Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Revenue	2	512,551	537,012
Expenses			
Employee benefits expense	3	(258,956)	(248,791)
Depreciation and amortisation	3	(16,739)	(17,336)
Bad and doubtful debts expense	3	(1)	(11)
Other expenses		<u>(144,811)</u>	<u>(183,635)</u>
		(420,507)	(449,773)
Operating profit / (loss) before charitable donations and sponsorships		92,044	87,239
Charitable donations and sponsorships		<u>(60,723)</u>	<u>(31,570)</u>
Profit / (loss) before income tax		31,321	55,669
Income tax expense / benefit	4	<u>(32,497)</u>	<u>(4,216)</u>
Profit/(loss) for the year		(1,176)	51,453
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(1,176)</u>	<u>51,453</u>
Profit / (loss) attributable to members of the company		(1,176)	51,453
Total comprehensive income attributable to members of the company		<u>(1,176)</u>	<u>51,453</u>
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	19	(0.25)	10.96

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

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	5	57,074	65,141
Trade and other receivables	6	46,428	47,068
Financial assets	7	308,456	251,462
Current tax asset	4	(4,780)	1,170
Other assets	8	6,443	5,293
Total current assets		413,621	370,134
Non-current assets			
Property, plant and equipment	9	72,626	75,301
Intangible assets	10	11,021	25,085
Deferred tax assets	4	(13,660)	3,141
Total non-current assets		69,987	103,527
Total assets		483,608	473,661
Liabilities			
Current liabilities			
Trade and other payables	11	38,968	33,784
Provisions	13	10,999	8,189
Total current liabilities		49,967	41,973
Non-current liabilities			
Provisions	13	5,959	2,830
Total non-current liabilities		5,959	2,830
Total liabilities		55,926	44,803
Net assets		427,682	428,858
Equity			
Issued capital	14	469,472	469,472
Retained earnings / Accumulated losses	16	(41,790)	(40,614)
Total equity		427,682	428,858

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

Coleraine & District Financial Services Limited
 ABN 77 102 030 017
 Statement of Changes in Equity
 for the year ended 30 June 2017

	Note	Issued capital \$	Retained earnings \$	Reserves \$	Total equity \$
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	17	-	(23,474)	-	(23,474)
Balance at 30 June 2016		469,472	(40,614)	-	428,858
Balance at 1 July 2016		469,472	(40,614)	-	428,858
Profit / Loss for the year		-	(1,176)	-	(1,176)
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	(1,176)	-	(1,176)
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	17	-	-	-	-
Balance at 30 June 2017		469,472	(41,790)	-	427,682

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

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		506,194	529,240
Payments to suppliers and employees		(454,482)	(484,852)
Interest received		6,961	6,226
Income tax paid		(9,746)	(16,699)
Net cash provided by / (used in) operating activities	20b	<u>48,927</u>	<u>33,915</u>
Cash flows from financing activities			
Dividends paid		-	(23,474)
Net cash provided by / (used in) financing activities		<u>-</u>	<u>(23,474)</u>
Net Increase / (decrease) in cash held		48,927	10,441
Cash and cash equivalents at beginning of financial year		316,603	306,162
Cash and cash equivalents at end of financial year	20a	<u><u>365,530</u></u>	<u><u>316,603</u></u>

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

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Notes to the Financial Statements
for the year ended 30 June 2017

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

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

The financial statements were authorised for issue by the Directors on 5 September 2017.

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, where 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® branches franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

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

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

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

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

(e) Comparative figures

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

1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements

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

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 involve 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.

(g) New accounting standards for application in future periods

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

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

1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods

(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

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.

1. Summary of significant accounting policies (continued)

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

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

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

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-for-Profit Entities, proposing to replace the income recognition requirements of AASB 1004 Contributions and provide guidance to assist not-for-profit entities to apply the

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

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

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

AASB 16:

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

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

Coleraine & District Financial Services Limited
 ABN 77 102 030 017
 Notes to the Financial Statements
 for the year ended 30 June 2017

2. Revenue

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

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

Rendering of services

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

Interest, dividend and other income

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

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

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

	2017 \$	2016 \$
Revenue		
- service commissions	<u>88,685</u>	<u>138,457</u>
	<u>88,685</u>	<u>138,457</u>
Other revenue		
- interest received	<u>6,997</u>	<u>5,569</u>
- other revenue	<u>416,869</u>	<u>392,986</u>
	<u>423,866</u>	<u>398,555</u>
Total revenue	<u><u>512,551</u></u>	<u><u>537,012</u></u>

3. Expenses

Operating expenses

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

The depreciable amount of all fixed assets are 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.

Coleraine & District Financial Services Limited

ABN 77 102 030 017

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

3. Expenses (continued)

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

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Leasehold improvements	2.5-5%	PC
Plant and equipment	10-20%	PC

Gains/losses upon disposal of non-current assets

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

	2017	2016
	\$	\$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	230,856	241,951
- superannuation costs	19,318	21,824
	8,102	(15,615)
- other costs	680	631
	<u>258,956</u>	<u>248,791</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- plant and equipment	-	602
- leasehold improvements	2,675	2,670
	<u>2,675</u>	<u>3,272</u>
<i>Amortisation</i>		
- franchise fees	14,064	14,064
	<u>14,064</u>	<u>14,064</u>
Total depreciation and amortisation	<u>16,739</u>	<u>17,336</u>
Finance costs		
- Interest paid	-	-
Bad and doubtful debts expenses	1	11
(Gain) / Loss on disposal of property, plant and equipment	-	-
Auditors' remuneration		
- Audit or review of the financial report	2,850	2,770
	<u>2,850</u>	<u>2,770</u>

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements

for the year ended 30 June 2017

4. Income tax

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

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

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

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

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

	2017	2016
	\$	\$
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	10,114	15,866
Deferred tax expense / (income) relating	3,530	(3,936)
Recoupment of prior year tax losses	-	-
Under / (over) provision of prior years	18,853	(7,714)
	<u>32,497</u>	<u>4,216</u>
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit / (loss) before income tax at 27.5% (2016: 28.5%)	8,613	15,866
Add tax effect of:		
- Utilisation of previously unrecognised carried forward tax losses		
- Under / (over) provision of prior years	-	-
- Non-deductible expenses	1,501	(8,956)
Income tax attributable to the entity	<u>10,114</u>	<u>6,910</u>
The applicable weighted average effective tax rate is	-103.75%	7.57%
c. Current tax liability		
Current tax relates to the following:		
<i>Current tax liabilities / (assets)</i>		
Opening balance	(1,170)	16,333
Income tax paid	(4,164)	(16,699)
Current tax	10,114	6,910
Under / (over) provision prior years	-	(7,714)
	<u>(4,780)</u>	<u>(1,170)</u>

Coleraine & District Financial Services Limited

ABN 77 102 030 017

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

4. Income tax (continued)

	2017	2016
	\$	\$
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Provision for doubtful debts	-	-
Prepayments	(1,513)	-
Property, plant & equipment	-	-
Accruals	595	-
Employee provisions	4,663	3,141
Unused tax losses	-	-
	<u>3,745</u>	<u>3,141</u>
Deferred tax liabilities balance comprises:		
Accrued income	(221)	-
Property, plant & equipment	(17,184)	-
	<u>(17,405)</u>	<u>-</u>
Net deferred tax asset / (liability)	<u>(13,660)</u>	<u>3,141</u>
Total carried forward tax losses not recognised as deferred tax assets	-	-

Coleraine & District Financial Services Limited
 ABN 77 102 030 017
 Notes to the Financial Statements
 for the year ended 30 June 2017

5. Cash and cash equivalents

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

	2017	2016
	\$	\$
Cash at bank and on hand	57,074	65,141
	57,074	65,141

6. Trade and other receivables

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

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

	2017	2016
	\$	\$
Current		
Trade receivables	46,428	47,068
	46,428	47,068

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.

Coleraine & District Financial Services Limited

ABN 77 102 030 017

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

6. Trade and other receivables (continued)

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2017	\$	\$	\$	\$	\$	\$
Trade receivables	46,428	46,428	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	46,428	46,428	-	-	-	-
2016						
Trade receivables	47,068	47,068	-	-	-	-
Other receivables	-	-	-	-	-	-
Total	47,068	47,068	-	-	-	-

7. Financial assets

Classification of financial assets

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.

7. Financial assets (continued)

Classification of financial assets (continued)

Held to maturity investments

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

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

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

Available for sale financial asset

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

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

Measurement of financial assets

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

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

Available-for-sale financial assets 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
- 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.

Coleraine & District Financial Services Limited
 ABN 77 102 030 017
 Notes to the Financial Statements
 for the year ended 30 June 2017

7. Financial assets (continued)

Impairment of financial assets

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

Assets carried at amortised cost

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

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

Assets classified as available for sale

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

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

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

Derecognition

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

	2017	2016
	\$	\$
<i>Held to maturity financial assets</i>		
Term deposits	308,456	251,462
	308,456	251,462

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8. Other assets

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

	2017	2016
	\$	\$
Prepayments	5,603	4,489
Other	840	804
	<u>6,443</u>	<u>5,293</u>

9. Property, plant and equipment

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.

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

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

	2017	2016
	\$	\$
<i>Leasehold improvements</i>		
At cost	130,005	130,005
Less accumulated depreciation	<u>(57,379)</u>	<u>(54,704)</u>
	72,626	75,301
<i>Plant and equipment</i>		
At cost	9,172	9,172
Less accumulated depreciation	<u>(9,172)</u>	<u>(9,172)</u>
	-	-
Total property, plant and equipment	<u><u>72,626</u></u>	<u><u>75,301</u></u>

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9. Property, plant and equipment (continued)

Movements in carrying amounts

Leasehold improvements

Balance at the beginning of the reporting period	75,301	77,971
Additions	-	-
Disposals	-	-
Depreciation expense	(2,675)	(2,670)
Balance at the end of the reporting period	<u>72,626</u>	<u>75,301</u>

Plant and equipment

Balance at the beginning of the reporting period	-	602
Additions	-	-
Disposals	-	-
Depreciation expense	-	(602)
Balance at the end of the reporting period	<u>-</u>	<u>-</u>

Total property, plant and equipment

Balance at the beginning of the reporting period	75,301	78,573
Additions	-	-
Disposals	-	-
Depreciation expense	(2,675)	(3,272)
Balance at the end of the reporting period	<u>72,626</u>	<u>75,301</u>

10. Intangible assets

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

	2017	2016
	\$	\$
<i>Franchise fee</i>		
At cost	70,321	139,230
Less accumulated amortisation	(59,300)	(114,145)
	<u>11,021</u>	<u>25,085</u>
Total intangible assets	<u>11,021</u>	<u>25,085</u>

Movements in carrying amounts

Franchise fee

Balance at the beginning of the reporting period	25,085	39,149
Additions	-	-
Disposals	-	-
Amortisation expense	(14,064)	(14,064)
Balance at the end of the reporting period	<u>11,021</u>	<u>25,085</u>

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11. Trade and other payables

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

	2017	2016
	\$	\$
Current		
<i>Unsecured liabilities:</i>		
Trade creditors	17,869	10,836
Other creditors and accruals	21,099	22,948
	38,968	33,784

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

12. Financial liabilities

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

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

13. Provisions

Short-term employee benefits

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

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

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. 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.

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13. Provisions (continued)

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

	2017	2016
	\$	\$
Current		
Employee benefits	<u>10,999</u>	<u>8,189</u>
Non-current		
Employee benefits	<u>5,959</u>	<u>2,830</u>
Total provisions	<u><u>16,958</u></u>	<u><u>11,019</u></u>

14. Share capital

Ordinary shares are classified as equity.

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

	2017	2016
	\$	\$
469,472 Ordinary shares fully paid	<u>469,472</u>	<u>469,472</u>
	<u><u>469,472</u></u>	<u><u>469,472</u></u>
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	<u><u>469,472</u></u>	<u><u>469,472</u></u>

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%.

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15. Share capital (continued)

Capital management (continued)

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.

16. Retained earnings / Accumulated losses

	2017	2016
	\$	\$
Balance at the beginning of the reporting period	(40,614)	(68,593)
Profit/(loss) after income tax	(1,176)	51,453
Dividends paid	-	(23,474)
Balance at the end of the reporting period	(41,790)	(40,614)

17. Dividends paid or provided for on ordinary shares

	2017	2016
	\$	\$
Dividends paid or provided for during the year		
Interim and/or final fully franked ordinary dividend of 0 cents per share (2016:\$0.05) franked at the tax rate of 27.5% (2016: 28.5%).	-	23,474

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

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

	2017	2016
	\$	\$
Basic earnings per share (cents)	(0)	10.96
Earnings used in calculating basic earnings per share	(1,176)	51,453
Weighted average number of ordinary shares used in calculating basic earnings per share.	469,472	469,472

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20. Statement of cash flows

	2017	2016
	\$	\$
(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	57,074	65,141
Financial assets	<u>308,456</u>	<u>251,462</u>
As per the Statement of Cash Flow	<u><u>365,530</u></u>	<u><u>316,603</u></u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	(1,176)	51,453
Non-cash flows in profit		
- Depreciation	2,675	3,272
- Amortisation	14,064	(14,064)
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	640	(2,203)
- (increase) / decrease in prepayments and other assets	(1,150)	516
- (Increase) / decrease in deferred tax asset	16,801	5,020
- Increase / (decrease) in trade and other payables	5,183	(4,519)
- Increase / (decrease) in current tax liability	5,950	(17,503)
- Increase / (decrease) in provisions	<u>5,939</u>	<u>(16,185)</u>
Net cash flows from / (used in) operating activities	<u><u>48,926</u></u>	<u><u>5,787</u></u>

21. 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.

(c) Transactions with key management personnel and related parties

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

	2017	2016
Coralie Louise Coulson	-	1,000
Grant James Little	2,000	-
Rebecca Wishart	750	-
Elizabeth Mary Britten	500	500
John Thomas Kane	750	1,500
Tim Johnston	<u>2,000</u>	<u>2,000</u>
	<u><u>6,000</u></u>	<u><u>5,000</u></u>

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

The Coleraine & 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 2017.

(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.

22. Events after the reporting period

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

23. Contingent liabilities and contingent assets

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

24. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one 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 (2016: 100%).

26. Company details

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

27. Financial risk management*Financial risk management policies*

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Specific financial risk exposure and management

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

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

	Note	2017 \$	2016 \$
Financial assets			
Cash and cash equivalents	5	57,074	65,141
Trade and other receivables	6	46,428	47,068
Financial assets	7	308,456	251,462
Total financial assets		411,958	363,671
Financial liabilities			
Trade and other payables	11	38,968	33,784
Total financial liabilities		38,968	33,784

(a) Credit risk

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

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

Credit risk exposures

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

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

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27. Financial risk management (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2016: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

(b) Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis:

30 June 2017	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
Cash and cash equivalents	-%	57,074	57,074	-	-
Trade and other receivables	-%	46,428	46,428	-	-
Financial assets	-%	<u>308,456</u>	<u>308,456</u>	<u>-</u>	<u>-</u>
Total anticipated inflows		<u>411,958</u>	<u>411,958</u>	<u>-</u>	<u>-</u>
Financial liabilities					
Trade and other payables	-%	<u>38,968</u>	<u>38,968</u>	<u>-</u>	<u>-</u>
Total expected outflows		<u>38,968</u>	<u>38,968</u>	<u>-</u>	<u>-</u>
Net inflow / (outflow) on financial instruments		<u><u>372,990</u></u>	<u><u>372,990</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Notes to the Financial Statements
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27. Financial risk management (continued)

(b) Liquidity risk (continued)

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	-%	<u>251,462</u>	<u>251,462</u>	-	-
Total anticipated inflows		<u>363,671</u>	<u>363,671</u>	-	-
Financial liabilities					
Trade and other payables	-%	<u>33,784</u>	<u>33,784</u>	-	-
Total expected outflows		<u>33,784</u>	<u>33,784</u>	-	-
Net inflow / (outflow) on financial instruments		<u><u>329,887</u></u>	<u><u>329,887</u></u>	-	-

(c) Market risk

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

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

The financial instruments that primarily expose the company to interest rate risk are fixed interest securities, and cash and cash equivalents.

Sensitivity analysis

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

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

Year ended 30 June 2017	Profit \$	Equity \$
+/- 1% in interest rates (interest income)	3,655	3,655
+/- 1% in interest rates (interest expense)	-	-
	<u><u>3,655</u></u>	<u><u>3,655</u></u>

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

27. Financial risk management (continued)

(c) Market risk (continued)

Year ended 30 June 2016

+/- 1% in interest rates (interest income)	3,166	3,166
+/- 1% in interest rates (interest expense)	-	-
	<u>3,166</u>	<u>3,166</u>

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

Fair value estimation

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

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

	2017		2016	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair Value \$
Financial assets				
Cash and cash equivalents (i)	57,074	57,074	65,141	65,141
Trade and other receivables (i)	46,428	46,428	47,068	47,068
Financial assets	<u>308,456</u>	<u>308,456</u>	<u>251,462</u>	<u>251,462</u>
Total financial assets	<u>411,958</u>	<u>411,958</u>	<u>363,671</u>	<u>363,671</u>
Financial liabilities				
Trade and other payables (i)	<u>38,968</u>	<u>38,968</u>	<u>33,784</u>	<u>33,784</u>
Total financial liabilities	<u>38,968</u>	<u>38,968</u>	<u>33,784</u>	<u>33,784</u>

(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.

Auditor's Independence Declaration

As lead auditor for the audit of Coleraine & District Financial Services Ltd for the year ended 30 June 2017, 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 Limited.

McLaren Hunt
MCLAREN HUNT
AUDIT AND ASSURANCE

N.M.
NARELLE MCLEAN
PARTNER

Dated at Warrnambool, 7th September 2017

Coleraine & District Financial Services Limited

ABN 77 102 030 017

Directors' Declaration

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

1. The financial statements and notes, as set out on pages 8 to 33 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2017 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Grant James Little
Director

Signed at Coleraine on 5 September 2017.

Coleraine & District **Community Bank**[®] Branch
59 Whyte Street, Coleraine VIC 3315
Phone: 5575 2783 Fax: 5575 2826

Franchisee: Coleraine and District Financial Services Limited
59 Whyte Street, Coleraine VIC 3315
Phone: 5575 2783 Fax: 5575 2826
ABN: 77 102 030 017
Email: becawati@hotmail.com

Share Registry:
Kristy Iredell
29 Read Street
Coleraine Vic 3315
Phone: 0409 211 381

www.bendigobank.com.au/coleraine
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