Creswick & District Financial Services Limited

ABN 14 119 315 258

2013 Community Forum

2013 annualreport

Creswick & District
Community Bank® Branch
Bendigo Bank

Contents

Chairman's report

For the year ended 30 June 2013

Our sixth birthday has come and gone very quickly. Our growth has far exceeded our expectations from a humble beginning we now have $134 million in total balances a great effort for the Creswick & District **Community Bank®** Branch.

This year our business grew by $17 million and for the sixth successive year exceeded budget, congratulations must go to Les Vercoe and his wonderful staff on a great result in very difficult times. To our Board, shareholders and our loyal customers many thanks for your continued support, and we look forward to working together to further support our community.

This year has seen a number of changes in our staff; we welcome Natalie Lee, Sophie Murphy, Talia Davi and Taya McPhee and wish them a long successful career with us. I take this opportunity to congratulate Rhonda Lowe on being appointed our new Branch Manager whom I believe will ably lead our team to future growth.

Brendan Smith resigned from the Board after seven years of great service. As our original Secretary, Brendan did a huge amount of work setting up all our business procedures and records. His business experience made him a very valuable contributor. On behalf of our shareholders, Board, and staff we thank him for a very valuable contribution to our **Community Bank®** branch.

The end of July saw a sad moment for all our Creswick & District **Community Bank®** Branch family as our Branch Manager Les Vercoe retired after an outstanding contribution. Les was a great Branch Manager for us building business, making many friends and becoming an integral part of our community. On behalf of all we wish Les a long, healthy and enjoyable retirement.

This year Creswick & District **Community Bank®** Branch distributed $51,000 to local organisations and put $40,000 into the Community Enterprise Foundation™ for future projects. These donations are the reason for us to exist and the more successful we are the more we can help Creswick and district community. Our shareholders were rewarded by nine cents per share fully franked dividend.

With shareholders dividends and community contributions we have put in excess of $500,000 back into Creswick and district an excellent result.

The Board thanks Simon Cornwell and staff at the Ballarat regional office for their support and advice during the year.

For the coming year the Board have set budgets and look forward to achieving our seventh year of growth. I am sure with the continued help of the Board, staff, shareholders and loyal customers we will achieve this

I would like to convey my personal thanks to all Board members, and Narelle Barrett for their continued efforts, to grow our business and developing new ideas for future.

As always I ask you to promote our **Community Bank®** branch at every opportunity, every new customer makes us a stronger community.

Graeme Mitchell

Graeme Mitchell
Chairman.

Managers Report

For the year ended 30 June 2013

Another year has passed so quickly at the Creswick & District **Community Bank®** Branch. It is pleasing to report that we are continuing to grow and in reflection the financial year's results have been most satisfying. Balance growth increased by $17 million to $134 million and account numbers increased by 183 to 4,485. Overall the branch exceeded budget in loan growth, deposit growth, rural bank growth, financial planning income, loansure insurance sales, insurance sales, customer growth, products per customer, equipment finance, small business, personal loans, marketing campaign results (Linx) and Community Sector Banking growth. These are tremendous results and all staff are to be congratulated for their contribution. Obviously there is always room for improvement and we have addressed these areas through our business plan for 2013 - 2014. Targets have been set for the next financial year and we have planned for a $15 million growth in balances.

Community contributions through grants and sponsorships this year amounted to $51,000 with a further $40,000 being placed with the Community Enterprise Foundation™ for future distribution. Some of the beneficiaries of our community distributions included Creswick Community Action group (Alternative Education Program), Creswick RSL, Creswick Primary School, Creswick Cemetery Trust, Smeaton Rural Fire Brigade, Clunes FNC. All up we have now invested $385,000 back into our local communities over the past six years and if we include shareholder dividends that figure becomes well over $500,000 dollars.

Investing our profits back into our local communities is our reason for being and as long as we are supported by our customers and the community as a whole we will continue to help our communities become more sustainable into the future.

The branch has had a number of significant staff changes over the past 12 months. Firstly both Kristin and Louise went on maternity leave with Kristin having a boy (Maddern) and Louise a girl (Sylvia). We look forward to Kristin and Louise returning to work after their break. Early in the financial year Mary-Lou Beames transferred to the Bendigo and Adelaide Bank relief staff. She was replaced by Natalie Lee and around the same time we recruited Sophie Murphy. Both Natalie and Sophie have settled in to the new environment exceptionally well. Talia Davi has been seconded from Bendigo and Adelaide Bank relief staff to replace Louise while she is on maternity leave.

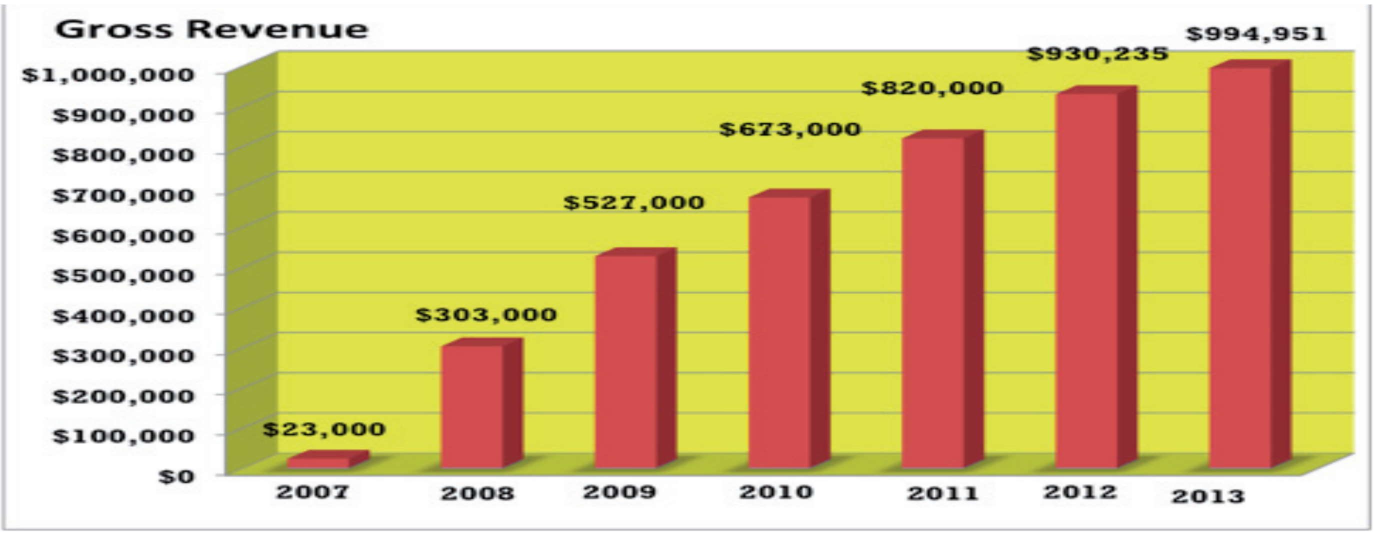
On my retirement 31 July 2013, Rhonda Lowe has been appointed as the new Branch Manager whilst Taya McPhee has taken over the CRM position created by Rhonda's promotion. I am pleased to report that the branch has continued to run smoothly despite all of these changes and all staff continues to provide excellent customer service to our valued clients. I would like to take this opportunity to congratulate Rhonda on her appointment and wish her every success into the future. She has great support with Taya and all of our talented staff members. It is worth noting that five of our current staff are local Creswickians, Rhonda, Taya, Fern, Kristin and Sophie. Also Louise married a local boy so I think she could be included as well?

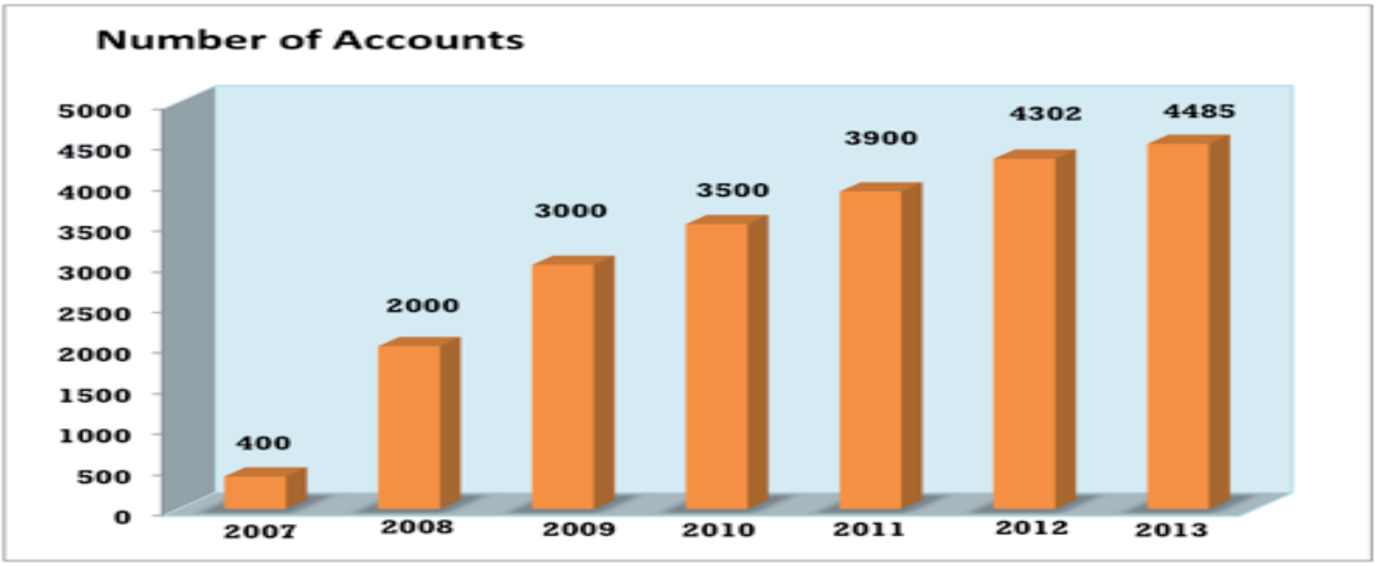
In closing I would like to take this opportunity to thank all those who have assisted in making our **Community Bank®** branch the success that it is. It has been a huge team effort from our customers, (for without them we wouldn't exist) shareholders (for making it all possible), Board members and our wonderful staff members (past and present). Thanks must also go to our Regional Office support team ably led by Regional Manager Simon Cornwell. We have also had great support from our specialists, Neil Short (Business Banking) Gavin Svanosio (Agribusiness) Darren Pryor and Alan Andrews (Financial Planning). Special thanks also to Narelle Barrett for her never-ending support.

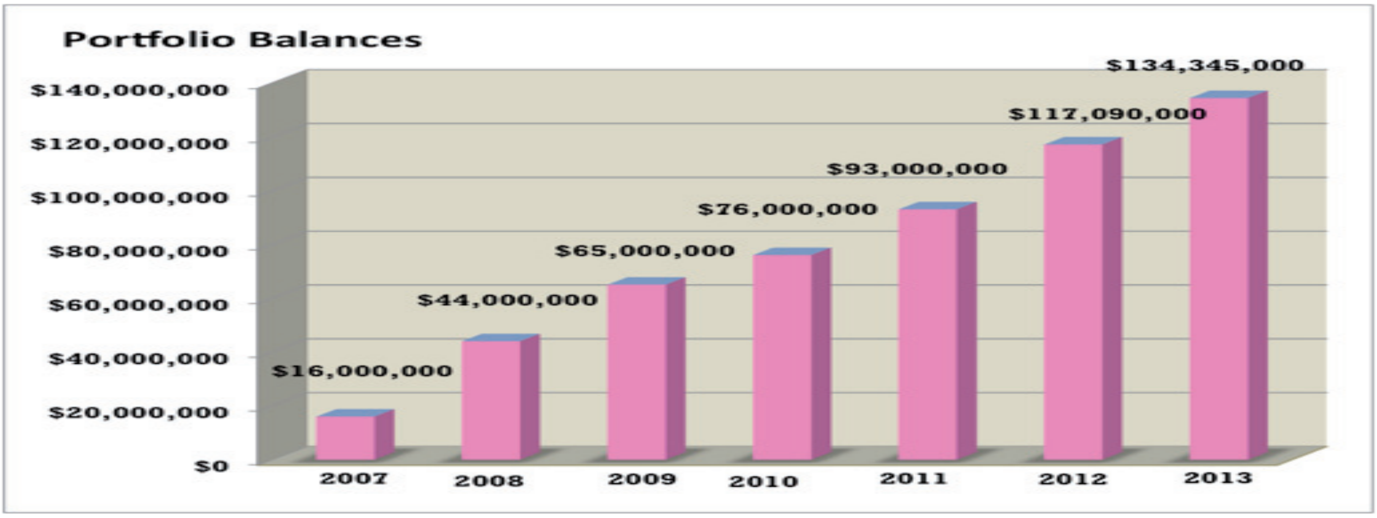
In conclusion may I wish the Creswick & District **Community Bank®** Branch every success and continued growth for the future. Thank you for the opportunity to be a part of this remarkable and unforgettable journey.

Les Vercoe
Branch Manager

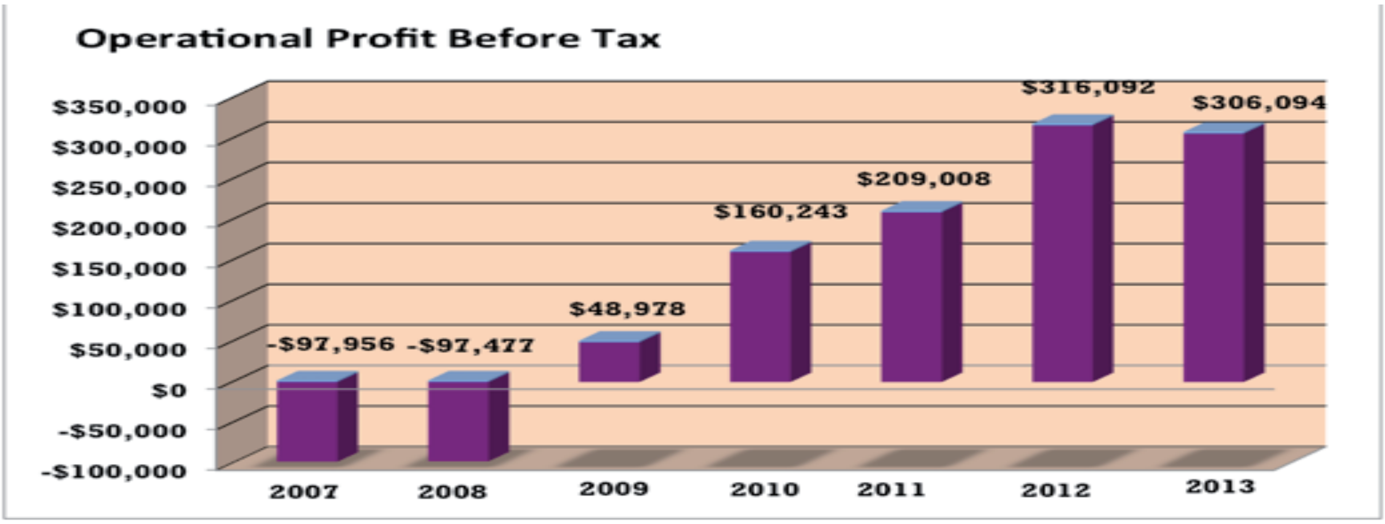
Performance at a glance

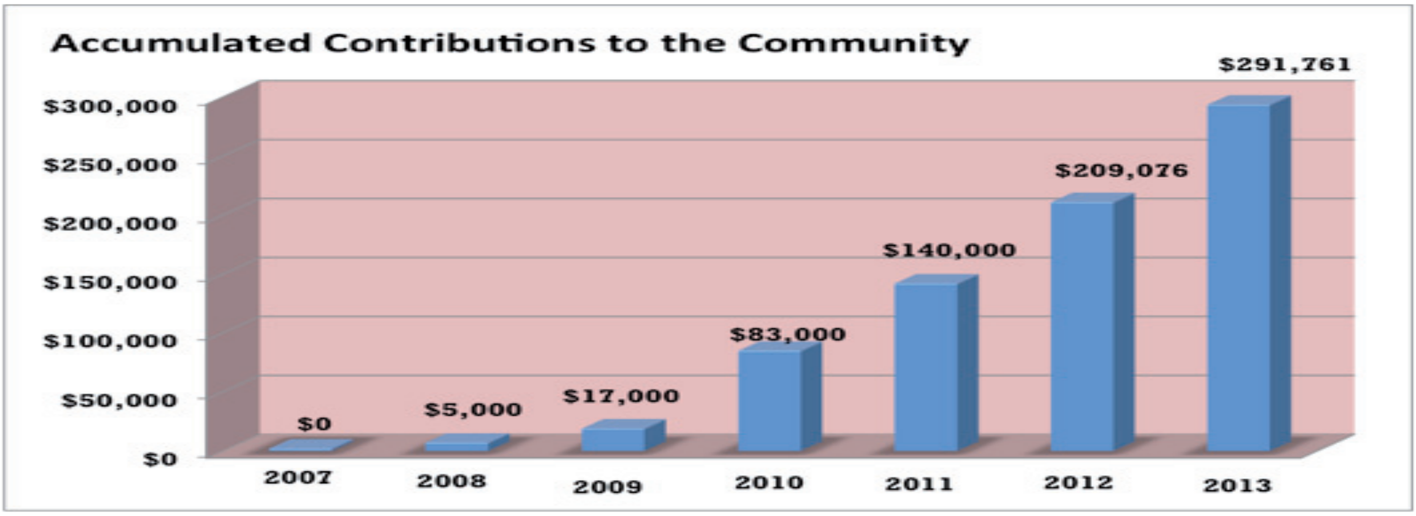


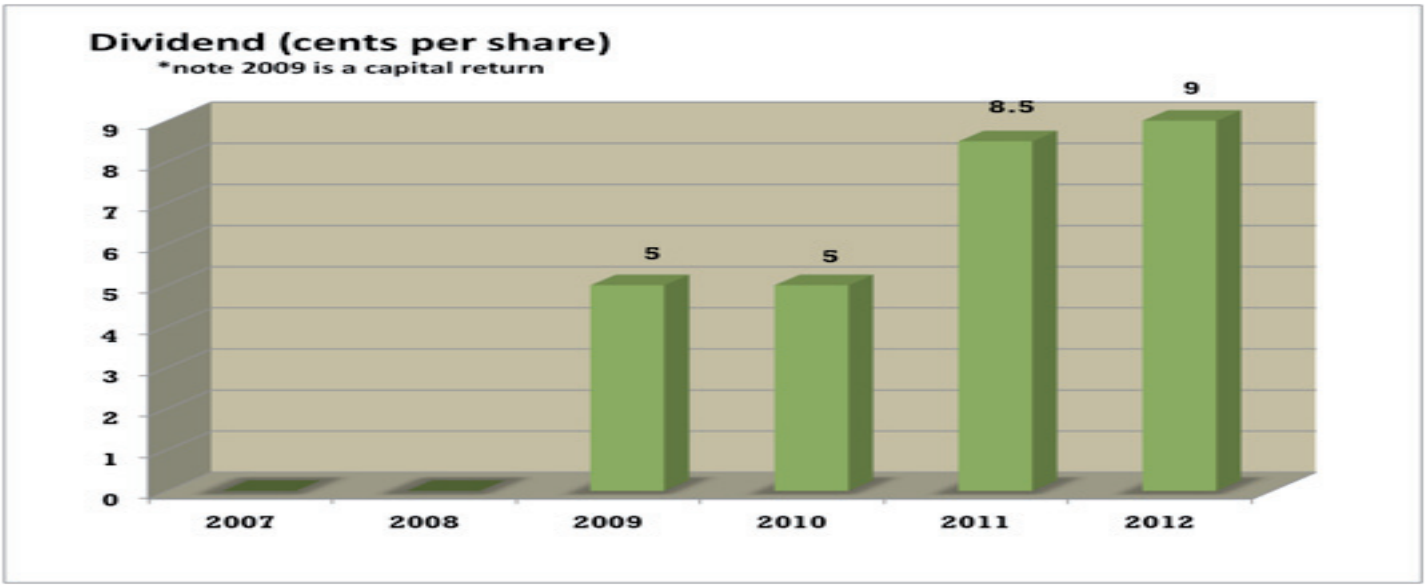




Performance at a glance







Connecting with the Community

Graeme Mitchell

Graeme has been a local resident of Creswick since 1974 and has operated his own retail business. He has been strong community leader and the driving force behind establishing the bank

Michael Daunt

Michael has a strong background in the Livestock and the Real Estate Industry. His Company specialised in the Hospitality/ Accommodation sector statewide for over 30 years.

Robert Orr

A local resident since 1969 and is a former Principal of the Victorian School of Forestry. Bob has been involved with many local clubs and organisations and has extensive executive experience.

Quentin Turner

Quentin is a retired Industrial Relations Commissioner and has been involved in the Creswick CFA for over 50 years.

Janine Booth

Janine is the Owner/Manager of the Creswick Post Office. Janine is a previous Creswick Ward Councillor for the Hepburn Shire.

Bernie Charleson

Bernie has been a resident of Kingston all his life and is currently a member of the Creswick & District Sports club and the Kingston CFA

Margaret Giles

Margaret is a previous owner of the Creswick Newsagency and currently owns and operates Rossmore Cottage. Margaret serves on a number of local committees including Business & Tourism Creswick.

Marcus Walsh

Since moving to Creswick in 2002 Marcus has been involved in many community groups including being Business & Tourism Creswick President.

Michael Beaumont

Michael has been involved in the retail and wholesale meat business for over 35 years. Mike is a Justice of the Peace.

Alan Gay

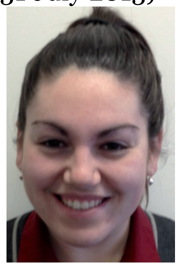
Alan is a director of AAG Property Consultants He is involved in many community organisations including the John Curtin Aged Care.

Connecting with the Community

Les Vercoe
Branch Manager
Retired (31 July 2013)

Rhonda Lowe
Customer Relationship Manager
(Branch Manager from 31 July 2013)

Louise Jennings
Customer Relationship Officer
(Maternity Leave)



Talia Davi
Customer Relationship Officer
(Relieving)

Natalie Lee
Customer Service Officer

Sophie Murphy
Customer Service Officer

Kristin Living
Customer Service Officer
(Maternity Leave)

Fern Wallis
Customer Service Officer

Narelle Barrett
Executive Assistant
to the Board

Taya McPhee
Customer Relationship Manager
(commenced 1st July 2013)

Community Contributions

Community Contributions and Local Projects supported by the shareholders of Creswick & District Financial Services over the 2012/2013 Financial Year.

Driver Training Programs for Local Youth

Clunes Tourism & Development Association

Creswick North Primary School

Creswick Smeaton RSL

Creswick Cemetery Trust

Smeaton Rural Fire Brigade

Dereel Bushfire Appeal

Creswick Museum

Creswick Railway Workshops

Ballarat Agricultural & Pastoral Society

Creswick Community Action Network

Creswick Primary School

Creswick Trails – Jackass Trail

Creswick Indoor Bias Bowls

Smeaton Bowling Club

Mt Prospect Tennis Association

Clunes Agricultural Society

Kingston Agricultural Society

Creswick Football Netball Club

Creswick Football Netball Club – Auskick Program

Creswick Historical Society

Ballarat / Central Highlands Football Umpires Association

Newlyn Football Club

Clunes Bowling Club

Clunes Football Netball Club

Creswick Dance and Fitness

Ballarat Sebas Cycling Club – Fred Icke Classic

Seven Hills Singers

Clunes Primary School

Advancing Country Towns

Clunes Ceramic Group

Directors' report

Your directors submit their report of the company and its controlled entity for the financial year ended 30 June 2013. The consolidated entity is referred to as "the group".

Directors

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

Name and position held	**Qualifications**	**Experience and Other Directorships**
Graeme Mitchell Chairman Board member since 2005		50 years business experience in the clothing trade. 40 years experience as a clothing agency. 20 years experience in retail clothing. Former Chairman of Trice Holdings P/L. Founding Chairman of CDFSL.
Margaret Giles Director Board member since 2005		Long standing business owner in Creswick, a newsagency business for 14 years and accommodation business for 17 yrs. Extensive experience on community Committees. Founding Director of CDFSL.
Michael Daunt Director Board member since 2009	Licensed Estate Agent	30 years experience as a Company Director of Estate Agency operating throughout Victoria and NSW. Current Director of Michael Daunt P/L. Company Secretary since 2009.
Bernie Charleson Director Board member since 2005		Bernie currently resides in Creswick but was a long time resident of Kingston. He is involved in many community committees. Founding Director of CDFSL.
Janine Booth Director Board member since 2005		Councillor Creswick Shire Council 1992-1996 & Hepburn Shire Council 2005 - 2012 including Mayor 2010. 20 years management experience within Australia Post. Currently owns and operates Creswick Post Office. Founding Director of CDFSL.
Bob Orr Director Board member since 2005	DipFor(Cres) BScFor DipEd DipFor(Oxon.)	Former Victorian School of Forestry Principal. Senior Associate of The University of Melbourne 1989. Hepburn Shire Councillor 1997 – 2003 including Mayor 1997. Bob is involved in many local Boards and and Committees. Founding Treasurer of CDFSL.
Brendan Smith Director Board member since 2005 Retired April 2013		40 years experience in Hospitality Management. Previous operator of Craigs Royal Hotel 1995-1999. Current owner operator of the American Hotel Creswick. Founding Director and previous Company Secretary of CDFSL
Marcus Walsh Director Board member since 2005		Marcus has held various roles within the building industry for the past 20 years and is currently a contracts manager for a local project management company. Founding Director CDFSL
Quentin Turner Director Board member since 2009	Grad Dip Business Admin	Associate Fellow of the Australian Institute of Management. Current chairman of CFA and Brigades Trust Fund. Former Commissioner in the Employee Relations Commission of Vic Former Director of Manufactoring Australian Timken P/L.
Alan Gay Director Board member since 2010	Licensed Estate Agent	A current director of AAG Property Consultants. Board member John Curtin Hostel. Assist Governor Rotary District 9780. Junior Vice President of Creswick/Smeaton RSL.
Michael Beaumont Director Board member since 2010		A current director of the Ballarat Meat Company. Has been involved in the retail and whoelsale meat business for 35 yrs. Served with the Miners Rest CFA for over 30 years. Justice of the Peace.

Directors were in office for this entire year unless otherwise stated.
No directors have material interests in contracts or proposed contracts with the company.

Principal activities
The principal activities of the company during the course of the financial year were in providing community banking services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited. There has been no significant changes in the nature of these activities during the year.

Review of operations
The profit of the consolidated group for the financial year after providing for income tax was $156,671 (2012: $174,344), which is a 10.14% decrease as compared with the previous year.

The net assets of the group have increased to $889,175 (2012: $793,385). The increase is largely due to the improved operating performance of the company, which has resulted in additional cashflow and ability to pay off a larger portion of debt.

Dividends	Year Ended 30 June 2013	
	Cents Per Share	$
Dividends paid in the year (final dividend):	9	60,881

Significant changes in the state of affairs
Effective from 1st April 2013 Bendigo Adelaide Bank realigned the profit share margins for the second time. This realignment has impacted negatively on our profit which has reduced our capacity for distributions.

Events subsequent to reporting date
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.

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.

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

Directors meetings
The number of directors meetings held during the year were 12. Attendances by each director during the year were as follows:

Director	Board Meetings #	Audit Committee Meetings #
Graeme Mitchell	9 (12)	3 (3)
Margaret Giles	10 (12)	N/A
Michael Daunt	10 (12)	3 (3
Bernie Charleson	10 (12)	N/A
Janine Booth	9 (12)	N/A
Bob Orr	10 (12)	3 (3)
Brendan Smith	5 (9)	1 (2)
Marcus Walsh	8 (12)	1 (3)
Quentin Turner	12 (12)	N/A
Alan Gay	4 (12)	N/A
Michael Beaumont	10 (12)	N/A

 # The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

Directors' report continued...

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. However, the board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

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.

Company secretary

Michael Daunt was appointed the Company secretary of Creswick & District Financial Services Limited on 25 August 2009. Michael's qualifications and experience include owning and operating his own Real Estate business for a number of years.

Non audit services

The directors in accordance with advice from the audit committee, are satisfied that the provision of non audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed in Note 6 did not compromise the external auditor's independence for the following reasons:

- all non audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110 "Code of Ethics for Professional Accountants" set by the Accounting Professional and Ethical Standards Board.

Auditor independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 5 of this financial report. No officer of the company is or has been a partner of any auditor of the Group.

Signed in accordance with a resolution of the Board of directors at Creswick on 20th August 2013.

Graeme Mitchell

Director

Independence Declaration

Richmond Sinnott & Delahunty
Chartered Accountants

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Bendigo, Victoria
PO Box 30, Bendigo, VIC 3552

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Email: rsd@rsdadvisors.com.au

www.rsdadvisors.com.au

The Directors
C/O Company Secretary
Creswick & District Financial Services Limited
1 Raglan Street
CRESWICK VIC 3363

Dear Directors

To the Directors of Creswick & District Financial Services Limited

Auditor's Independence Declaration under section 307C of the Corporatio

I declare that to the best of my knowledge and belief, during the year ended there has been:

(i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) No contraventions of any applicable code of professional conduct in rela the audit.

Warren Sinnott
Partner
Richmond Sinnott & Delahunty

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:

Warren Sinnott	Philip Delahunty
Cara Hall	Kathie Teasdale
Brett Andrews	David Richmond

Financial Statements

Income Statement
For year ending June 2013

	Notes	Consolidated Group 2013 $	2012 $
Revenue	3	994,951	930,235
Employee benefits expense	4	(422,401)	(356,112)
Depreciation and amortisation expense	4	(27,797)	(25,209)
Finance costs	4	(8,050)	(8,059)
Bad and doubtful debts expense	4	(324)	(492)
Rental expense		-	-
Other expenses	4	(230,285)	(224,271)
Operating profit before charitable donations & sponsorships		306,094	316,092
Charitable donations and sponsorships		(82,675)	(69,076)
Profit before income tax expense		223,419	247,016
Tax expense	5	(66,748)	(72,671)
Profit for the year		156,671	174,345
Other comprehensive income		-	-
Total comprehensive income		156,671	174,345
Profit attributable to:			
Members of the company		156,671	174,345
Total		156,671	174,345
Earnings per share (cents per share)			
- basic for profit for the year	27	23.16	25.77
- diluted for profit for the year	27	23.16	25.77

Financial Statements

Balance Sheet
For the year ending June 2013

	Notes	Consolidated Group 2013 $	2012 $
Assets			
Current Assets			
Cash and cash equivalents	7	68,200	92,936
Short-term investments	8	132,839	77,451
Trade and other receivables	9	86,570	94,932
Total Current Assets		287,609	265,319
Non-Current Assets			
Property, plant and equipment	10	628,061	641,630
Deferred tax asset	5	16,999	14,208
Long-term investments	11	53,609	50,238
Intangible assets	12	53,120	66,985
Other non-current assets	13	1,467	1,658
Total Non-Current Assets		753,256	774,719
Total Assets		1,040,865	1,040,038
Liabilities			
Current Liabilities			
Trade and other payables	14	61,954	57,768
Current tax payable	5	9,863	42,032
Borrowings	15	19,259	18,786
Provisions	16	30,291	34,823
Total Current Liabilities		121,367	153,409
Non Current Liabilities			
Borrowings	15	30,323	93,244
Total Non Current Liabilities		30,323	93,244
Total Liabilities		151,690	246,653
Net Assets		889,175	793,385
Equity			
Issued capital	17	618,364	618,364
Retained earnings	18	270,811	175,021
Total Equity		889,175	793,385

Financial Statements

Statement of Cash Flow
For the year ending June 2013

	Notes	Consolidated Group 2013 $	2012 $
Cash Flows From Operating Activities			
Receipts from clients		995,440	895,735
Payments to suppliers and employees		(735,840)	(639,743)
Dividend revenue received		-	-
Interest paid		(8,050)	(8,219)
Interest received		7,873	17,421
Income tax paid		(101,708)	(46,409)
Net cash flows from/(used in) operating activities	19b	157,715	218,785
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(363)	(476,404)
Shares in Bendigo Bank		(3,371)	(9,578)
Payments for intangibles		-	(69,322)
Net cash flows from/(used in) investing activities		(3,734)	(555,304)
Cash Flows From Financing Activities			
Proceeds from borrowings		-	98,558
Repayment of borrowings		(56,237)	-
Repayment of finance leases		(6,211)	(5,772)
Dividends paid		(60,881)	(57,499)
Net cash flows from/(used in) financing activities		(123,329)	35,287
Net increase/(decrease) in cash held		30,652	(301,232)
Cash and cash equivalents at start of year		170,387	471,619
Cash and cash equivalents at end of year	19a	201,039	170,387

Financial Statements

Statement of changes in equity
For the year ending June 2013

	Note	Consolidated Group Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2011		**618,364**	**71,802**	**690,166**
Total comprehensive income for the year		**-**	**174,345**	**174,345**
Bring to account LSL provision at 30 June 2011 via retained earnings		-	(13,627)	(13,627)
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	25	-	(57,499)	(57,499)
Balance at 30 June 2012		**618,364**	**175,021**	**793,385**
Balance at 1 July 2012		**618,364**	**175,021**	**793,385**
Total comprehensive income for the year		**-**	**156,671**	**156,671**
Transactions with owners, in their capacity as owners				
Shares issued during the year		-	-	-
Dividends paid or provided	25	-	(60,881)	(60,881)
Balance at 30 June 2013		**618,364**	**270,811**	**889,175**

Notes to the financial statements

The consolidated financial statements and notes represent those of Creswick & District Financial Services Limited and controlled entities (the "group").

The separate financial statements of the parent entity, Creswick & District Financial Services Limited, have been presented within this financial report as permitted by the Corporations Act 2001.

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

The financial statements were authorised for issue by the Directors on 20 August 2013.

1. Summary of significant accounting policies

Basis of preparation

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

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

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

(a) Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities, and results of entities controlled by Creswick & District Financial Services Ltd at the end of the reporting period. A controlled entity is an entity over which Creswick & District Financial Services Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. Details of the controlled entity can be found at note 26 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

(b) Income tax

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Notes to the financial statements continued

1. Summary of significant accounting policies (continued)

(b) Income tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Property, plant and equipment

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Class of Asset	*Depreciation Rate*
Building improvements	2.5%
Furniture & fittings	30%

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Revaluations
Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

Notes to the financial statements continued

1. Summary of significant accounting policies (continued)

(d) Impairment of assets

At each reporting date, the company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis.

The GST components of investing and 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.

(f) Employee benefits

Provision is made for the company's liability for employee benefits arising from the services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to the employee benefits.

(g) Intangibles

Establishment costs 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 expense per the Statement of Comprehensive Income.

(h) Cash

Cash on hand and in banks are stated at nominal value. Bank overdrafts are shown as short term borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Notes to the financial statements continued

1. Summary of significant accounting policies (continued)

(i) Revenue

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

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

(j) Receivables and payables

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company and are recognised as a current liability.

(k) New accounting standards and interpretations not yet adopted

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

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

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is not expected to have an impact on the company's financial assets or financial liabilities.

(ii) AASB 13 Fair Value Measurement (2011)

AASB 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout Australian Accounting Standards. Subject to limited exceptions, AASB 13 is applied when fair value measurements or disclosures are required or permitted by other AASBs. The company is currently reviewing its methodologies in determining fair values. AASB 13 is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

1. Summary of significant accounting policies (continued)

(k) New accounting standards and interpretations not yet adopted (continued)

(iii) AASB 119 Employee Benefits (2011)

AASB 119 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the company. However, the company may need to assess the impact of the change in measurement principles of expected return on plan assets. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

(l) Loans and borrowings

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

(m) Provisions

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

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

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

(n) Share capital

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

(o) Comparative figures

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

(p) 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 changes 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.

Notes to the financial statements continued

1. Summary of significant accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. 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 calculating 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.

(q) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Fair value represents the amount for which an asset would be exchanged or a liability settled, between knowledgeable willing parties. Where available quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are applied to determine the fair value.
Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less 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.

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

(ii) Financial liabilities
Non derivative financial liabilities 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.

Notes to the financial statements continued

1. Summary of significant accounting policies (continued)

(q) Financial instruments (continued)

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset is deemed to be impaired if and only if, there is objective evidence of impairment as a result of one or more events (a loss event) having occurred, which has an impact on the estimated future cash flows of the financial asset. In the case of financial assets carried at amortised cost, loss events may include indications that the debtor is experiencing significant financial difficulty, default or delinquency in payments, indications that they will enter bankruptcy or other financial reorganisation and changes in arrears or economic conditions that correlate with defaults.

Derecognition of financial instruments

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.

2. **Parent information**

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards:

Statement of Financial Position

	2012	2013
ASSETS	$	$
Current assets	286,121	246,409
Non-current assets	692,149	679,229
TOTAL ASSETS	978,270	925,638
LIABILITIES		
Current liabilities	101,862	135,428
Non-current liabilities	579	7,262
TOTAL LIABILITIES	102,441	142,690
EQUITY		
Issued capital	618,364	618,364
Retained earnings	257,465	164,584
TOTAL EQUITY	875,829	782,948

Statement of Profit or Loss and Other Comprehensive

Total profit	153,762	163,908
Total comprehensive income	153,762	163,908

Notes to the financial statements continued

3. Revenue and other income	Consolidated Group	
	2012	2013
	$	$
Revenue		
- services commissions	987,078	912,814
- other revenue	-	-
	987,078	912,814
Other revenue		
- interest received	7,873	17,421
- other revenue	-	-
-	7,873	17,421
Total Revenue	994,951	930,235
4. Expenses		
Employee benefits expense		
- wages and salaries	342,439	294,632
- superannuation costs	29,412	27,474
- workers compensation	1,275	1,171
- payroll tax	6,842	5,274
- other costs	42,433	27,561
	422,401	356,112
Depreciation of non-current assets:		
- building improvements	8,653	7,602
- furniture & fittings	1,730	592
- motor vehicles	3,549	4,732
Amortisation of non-current assets:		
- intangible assets	13,865	12,283
	27,797	25,209
Finance costs:		
- Interest paid	8,050	8,059
Bad debts	324	492
Other expenses:		
- Administration & general costs	76,312	64,207
- Agent Commission	42,346	39,566
- Advertising & marketing	18,466	15,601
- IT costs	23,816	30,115
- Occupancy costs	43,968	49,554
- ATM costs	23,461	24,210
- Motor vehicle costs	1,916	1,018
	230,285	224,271

Notes to the financial statements continued

5. Tax Expense	Consolidated Group		
	2012 $		2013 $
a. The components of tax expense comprise			
- current tax expense	70,866		74,104
- deferred tax expense relating to the origination and reversal of temporary differences	(4,094)		(1,433)
- adjustments for under/(over)-provision of current income tax of previous years	(23)		-
	66,748		72,671
b. The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax on profit before income tax at 30% (2012: 30%)	70,866		74,104
Add tax effect of:			
- Prior year over/(under) provision for tax	(23)		-
- Utilisation of previously unrecognised carried forward tax losses	-		-
- Non-deductible expenses	(4,094)		(1,433)
Current income tax expense	66,748	-	72,671
Income tax attributable to the entity	66,748	-	72,671
The applicable weighted average effective tax rate is	-29.88%		-29.42%
Deferred tax assets			
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	16,999		14,208
Current tax liability			
Current tax payable	9,863		42,032

The applicable income tax rate is the Australian Federal tax rate of 30% (2012: 30%) applicable to Australian resident companies.

6. Auditors' remuneration

Remuneration of the auditor for:

	2012	2013
- Audit or review of the financial report	4,350	3,900
- Taxation services	-	-
- Share registry services	1,145	1,183
	5,495	5,083

Notes to the financial statements continued

7. Cash and cash equivalents	Consolidated Group 2012 $	2013 $
Bendigo Business Cash Management Cheque	27,861	17,591
Community EFTPOS terminal	265	662
Sandhurst Account	38,586	55,773
Bendigo Overdraft Account	137	8,910
Sandhurst Account	1,351	10,000
	68,200	92,936
8. Short-term investments		
Held to maturity financial assets		
Bendigo Term Deposit	16,222	15,490
Bendigo Term Deposit	-	61,961
Bendigo Term Deposit	116,617	-
	132,839	77,451
9. Trade and other receivables		
Current		
Trade debtors	86,570	94,932
Other assets	-	-
	86,570	94,932

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties.

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

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

			Past Due but Not Impaired			
2013	**Gross Amount**	**Past Due and impaired**	**< 30 days**	**31-60 days**	**> 60 days**	**Not Past Due**
Trade receivables	86,570	-	-	-	-	86,570
Other receivables	-	-	-	-	-	-
Total	86,570	-	-	-	-	86,570
2012						
Trade receivables	87,922	-	-	-	-	87,922
Other receivables	-	-	-	-	-	-
Total	87,922	-	-	-	-	87,922

Notes to the financial statements continued

10. Property, plant and equipment	Consolidated Group	
	2013	**2012**
	$	**$**
Land at cost	150,000	150,000
Buildings		
At cost	323,486	323,486
Less accumulated depreciation	(7,333)	(3,141)
	316,153	320,345
Building Improvements		
At cost	178,442	178,442
Less accumulated depreciation	(29,257)	(24,796)
	149,185	153,646
Furniture & Fittings		
At cost	6,267	5,904
Less accumulated depreciation	(4,191)	(2,461)
	2,076	3,443
Motor Vehicles		
At Cost	24,283	24,283
Less accumulated depreciation	(13,636)	(10,087)
	10,647	14,196
Total written down amount	628,061	641,630
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	150,000	-
Additions	-	150,000
Balance at the end of the reporting period	150,000	150,000
Buildings		
Balance at the beginning of the reporting period	320,345	-
Additions	-	323,486
Disposals	-	-
Depreciation expense	(4,192)	(3,141)
Balance at the end of the reporting period	316,153	320,345
Building Improvements		
Balance at the beginning of the reporting period	153,646	158,107
Additions	-	-
Depreciation expense	(4,461)	(4,461)
Balance at the end of the reporting period	149,185	153,646
Furniture & Fittings		
Balance at the beginning of the reporting period	3,443	1,119
Additions	363	2,995
Disposals	-	(79)
Depreciation expense	(1,730)	(592)
Balance at the end of the reporting period	2,076	3,443
Motor Vehicles		
Balance at the beginning of the reporting period	14,196	18,927
Additions	-	-
Disposals	-	-
Depreciation expense	(3,549)	(4,731)
Balance at the end of the reporting period	10,647	14,196

Notes to the financial statements continued

11. Long-term investments	Consolidated Group	
	2013	2012
	$	$
Available for sale financial assets comprise:		
Listed shares at cost		
Shares in listed corporations	53,609	50,238

Available for sale financial assets comprise investments in the ordinary issued capital of Bendigo and Adelaide Bank Limited. There are no fixed returns or fixed maturity dates attached to these investments.

12. Intangible assets		
Franchise fee		
At cost	69,322	69,322
Less accumulated amortisation	(16,202)	(2,337)
	53,120	66,985
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	66,985	904
Additions	-	69,322
Amortisation expense	(13,865)	(3,241)
Balance at the end of the reporting period	53,120	66,985

13. Other non-current assets		
Initial set up costs	850	850
Unexpired borrowing costs	617	808
	1,467	1,658

14. Trade and other payables		
Current		
Unsecured liabilities:		
Trade creditors	35,823	36,333
Other creditors and accruals	26,131	21,435
	61,954	57,768

The average credit period on trade and other payables (excluding GST payable) is two months. No interest is payable on outstanding payables during this period.

15. Borrowings		
Current Liability		
Chattel mortgage	6,994	6,967
Unexpired interest	(312)	(757)
Mortgage	12,577	12,576
	19,259	18,786
Non Current Liability		
Chattel mortgage	583	7,577
Unexpired interest	(4)	(315)
Mortgage	29,744	85,982
	30,323	93,244

Notes to the financial statements continued

16. Provisions	Consolidated Group	
	2013	2012
	$	$
Employee benefits	30,291	34,823
Movement in employee benefits		
Annual Leave		
Opening balance	17,193	20,292
Additional provisions recognised	7,579	4,231
Amounts utilised during the year	(8,761)	(7,330)
Closing balance	16,011	17,193
Long Service Leave		
Opening balance	17,630	-
Additional provisions recognised	3,213	17,630
Amounts utilised during the year	(6,563)	-
Closing balance	14,280	17,630
Current		
Annual Leave	16,011	17,193
	16,011	17,193
Long-service leave	14,280	17,630
	14,280	17,630
Total provisions	30,291	34,823

Provision for employee benefits

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

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

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

17. Share capital		
676,459 Ordinary Shares fully paid of $1 each	676,459	676,459
Less: Return of capital	(33,823)	(33,823)
Less: Equity raising costs	(24,272)	(24,272)
	618,364	618,364
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	676,459	676,459
Shares issued during the year	-	-
At the end of the reporting period	676,459	676,459

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 Franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 are disclosed in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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

18. Retained earnings

	Consolidated Group	
	2013	**2012**
	$	**$**
Balance at the beginning of the financial year	175,021	71,802
Profit after income tax	156,671	174,345
Bring to account LSL provision at 30 June 2011 via retained earnings	-	(13,627)
Dividends paid	(60,881)	(57,499)
Balance at the end of the financial year	270,811	175,021

19. Statement of cash flows

(a) *Cash and cash equivalents balances as shown in the statement of financial position can be reconciled to that shown in the statement of cash flows as follows*

Cash and cash equivalents	68,200	92,936
Other financial assets	132,839 -	77,451
As per the statement of cash flow	201,039	170,387

(b) *Reconciliation of profit after tax to net cash provided from/(used in) operating activities.*

Profit after income tax	156,671	174,345
Non cash items		
- Depreciation	13,932	12,926
- Amortisation	13,865	12,283
Changes in assets and liabilities		
- (Increase) decrease in receivables	8,362	(17,080)
- (Increase) decrease in other receivables	191	-
- (Increase) decrease in deferred tax asset	(2,791)	(5,427)
- Increase (decrease) in income tax payable	(32,169)	31,694
- Increase (decrease) in payables	4,186	9,139
- Increase (decrease) in provisions	(4,532)	905
Net cash flows from/(used in) operating activities	157,715	218,785

Notes to the financial statements continued

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft facility amounting to $200,000 (2012: $200,000). This may be terminated at any time at the option of the bank. At 30 June 2013, $0 of this facility was used (2012: $0). Variable interest rates apply to the overdraft facility.

20. Related party transactions

The company's main related parties are as follows:

(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) Key management personnel shareholdings
The number of ordinary shares in Creswick & District Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2013	**2012**
Graeme Mitchell	10,001	10,001
Margaret Giles	3,001	3,001
Michael Daunt	5,000	5,000
Bernie Charleson	7,500	7,500
Janine Booth	3,501	3,501
Bob Orr	5,001	5,001
Brendan Smith	6,000	6,000
Marcus Walsh	500	500
Quentin Turner	501	501
Alan Gay	2,000	2,000
Michael Beaumont	7,500	7,500

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.

(d) Other key management transactions
There has been no other transactions involving equity instruments other than those described above.

21. Events after the reporting period

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

22. Contingent liabilities and assets

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

Notes to the financial statements continued

23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Creswick and District, Victoria. The company has a franchise agreement in place with Bendigo & Adelaide Bank Limited who account for 100% of the revenue (2012: 100%).

24. Company details

The registered office is:	The principal place of business is:
21 Armstrong Street North	1 Raglan Street
Ballarat	Creswick

25. Dividends paid or provided for on ordinary shares

	2013 $	2012 $
(a) Dividends paid during the year		
- Dividends of 9 cents per share {franked to 100%} (2012: 8.5 cents per share {franked to 100%})	60,881	57,499

The subsidiary entity, Creswick Community Property Group Pty Ltd has paid a fully franked dividend of $12,800 to the parent entity during the year ended 30 June 2013.

(b) Franking credit balance
The amount of franking credits available for the subsequent financial year are:

- Franking account balance as at the end of the financial year	128,101	45,988
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	(10,825)	37,670
	117,276	83,658

26. Controlled entities

On 27 July 2011 the Group acquired 100% of the issued capital of Creswick Community Property Group Pty Ltd for $376,513. Through acquiring 100% of the issued capital of Creswick Community Property Group Pty Ltd, the Group has obtained control of the company. This company is incorporated in Australia.

The acquisition is part of the Group's strategy to own the building in which it operates its business from.
Basic earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).
The following reflects the income and share data used in the basic and diluted earnings per share computations:

Profit after income tax expense	156,671	174,345
Weighted average number of ordinary shares for basic and diluted earnings per share	676,459	676,459

28. Financial risk management
The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

		Consolidated Group	
		2013	2012
	Note	$	$
Financial Assets			
Cash & cash equivalents	7	68,200	92,936
Other financial assets	8	132,839	77,451
Trade and other receivables	9	86,570	94,932
Long-term investments	11	53,609	50,238
Total Financial Assets		341,218	315,557
Financial Liabilities			
Trade and other payables	14	61,954	57,768
Loans & borrowings	15	49,582	112,030
Total Financial Liabilities		111,536	169,798

Financial Risk Management Policies
The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

Specific Financial Risk Exposure and Management
The company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments. There have been no substantive 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.

(a) Credit Risk
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. 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.

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 statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2012: 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.

	Consolidated Group	
(a) Credit Risk (continued)	2013	2012
	$	$
Cash and cash equivalents:		
A rated	68,200	92,936

Financial Instruments continued ...

(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. In addition the company has established an overdraft facility of $200,000 with Bendigo & Adelaide Bank Limited.

Financial liability and financial asset maturity analysis:

Consolidated Group **30 June 2013**	**Note**	**Total** **$**	**Within 1 year** **$**	**1 to 5 years** **$**	**Over 5 years** **$**
Financial Liabilities due					
Trade and other payables	14	(61,954)	(61,954)	-	-
Loans and borrowings	15	(49,582)	(19,259)	(30,323)	-
Total expected outflows		(111,536)	(81,213)	(30,323)	-
Financial Assets - realisable					
Cash & cash equivalents	7	68,200	68,200	-	-
Other financial assets	8	132,839	132,839		
Trade and other receivables	9	86,570	86,570	-	-
Investments	11	53,609	53,609	-	-
Total anticipated inflows		341,218	341,218	-	-
Net (Outflow)/Inflow on financial instruments		229,682	260,005	(30,323)	-

31 June 2012		**Total** **$**	**Within 1 year** **$**	**1 to 5 years** **$**	**Over 5 years** **$**
Financial Liabilities due					
Trade and other payables	14	(57,768)	(57,768)	-	-
Loans and borrowings	15	(112,030)	(18,786)	(70,142)	(23,102)
Total expected outflows		(169,798)	(76,554)	(70,142)	(23,102)
Financial Assets - realisable					
Cash & cash equivalents	7	92,936	92,936	-	-
Other financial assets	8	77,451	77,451		
Trade and other receivables	9	94,932	94,932	-	-
Investments	11	50,238	50,238	-	-
Total anticipated inflows		315,557	315,557	-	-
Net (Outflow)/Inflow on financial instruments		145,759	239,003	(70,142)	(23,102)

(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.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company reviews the exposure to interest rate risk as part of the regular board meetings.

Financial Instruments continued ...

The weighted average interest rates of the company's interest-bearing financial assets are as follows:

Financial assets	2013	2012
Cash and cash equivalents (net of bank overdrafts)	1.560%	2.330%
Short-term investments:		
- held-to-maturity investments	4.050%	5.000%

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.

	Profit $	Equity $
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	186	186
	186	186
Year ended 30 June 2012		
+/- 1% in interest rates (interest income)	(191)	(191)
	(191)	(191)

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
The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:
- Level 1: quoted prices in active markets for identifcal assets or liabilties;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets has been based on the closing quoted bid prices at the end of the reporting period.

	2013				2012			
	Level 1 $	Level 2 $	Level 3 $	Total $	Level 1 $	Level 2 $	Level 3 $	Total $
Financial Assets								
Available for sale investments:								
Listed Investments	59,453	-	-	59,453	40,814	-	-	40,814
Total financial assets	**59,453**	**-**	**-**	**59,453**	**40,814**	**-**	**-**	**40,814**

Directors' Declaration

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

1 the financial statements and notes of the company as set out on pages 6 to 30 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 2013 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 declaration is made in accordance with a resolution of the Board of Directors.

Graeme Mitchell

Graeme Mitchell
Chairman

Signed at Creswick on 20 August
2013.

Richmond Sinnott & Delahunty
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESWICK & DISTRICT FINANCIAL SERVICES LIMITED AND CONTROLLED ENTITY

Report on the Financial Report

We have audited the accompanying financial report of Creswick & District Financial Services Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

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

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

Richmond Sinnott & Delahunty
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

Partners:
Warren Sinnott, Cara Hall, Brett Andrews
Philip Delahunty, Kathie Teasdale, David Richmond

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Creswick & District Financial Services Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Creswick & District Financial Services Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Richmond Sinnott & Delahunty

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

W. J. SINNOTT
Partner

Dated at Bendigo, 20 August 2013

Bendigo and Adelaide Bank report

For year ending 30 June 2013

This year has marked two very significant milestones for our **Community Bank®** network, celebrating its 15th anniversary of operation while also reaching $100 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank®** network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank®** model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. But in the years since, the **Community Bank®** model has become so much more.

The **Community Bank®** network has returned more than $20 million in contributions to local communities in this financial year alone. Our branches have been able to fund health services, sports programs, aged care facilities, education initiatives, community events and much more.

These contributions have come at a time of continued economic uncertainty, and shows the high level of support the **Community Bank®** model has in the communities in which it operates.

While our established branches grow their business at a healthy rate, demand for the model in other communities continues to be strong. There are currently another 40 **Community Bank®** sites in development, and 15 new branches are expected to open in the next 12 months.

At the end of the financial year 2012/13 the **Community Bank®** network had achieved the following:

• Returns to community – $102 million

• **Community Bank®** branches – 298

• **Community Bank®** branch staff – more than 1,460

• **Community Bank®** company Directors – 1,925

• Banking business – $24.46 billion

• Customers – 640,159

• Shareholders – 72,062

• Dividends paid to shareholders since inception – $30.88 million.

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, to not only enhance banking services, but more importantly take the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community. This $100 million goes to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco® (telecommunications solution), tertiary education scholarships and Community Enterprises that provide **Community Bank®** companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank®** company has a committed and strong partner and over the last financial year our company has continued its solid performance.

Bendigo and Adelaide Bank report continued...

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. Our Bank continues to be rated at least “A-” by Standard & Poor’s, Moody’s and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

While continued ratings affirmation is a welcome boost for the Bank and its partners, trading conditions are still difficult, with consumer confidence and demand for credit remaining low, and competition remaining very strong for retail deposits.

Not surprisingly, these factors continue to place pressure on the 50/50 margin share agreement between the Bank and our **Community Bank®** partners. As a result some **Community Bank®** companies are receiving much more than 50 per cent of revenue earned.

In April, the Bank took a further step to restore this balance, ensuring that the Community Bank® model produced a more appropriate balance of return for all stakeholders within this partnership model. The Bank will continue to review this remuneration model to ensure it is fair and equitable for all parties and is as resilient as possible to the fast changing economic environment.

It continues to be Bendigo and Adelaide Bank’s vision to be Australia’s leading customer - connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100 - year view of our business; we listen and respect every customer’s choice, needs and objectives. We partner for sustainable long - term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank®** shareholders to support us as we work with your community to deliver on our goals and ensure our sustained and shared success.

As **Community Bank®** shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

With the community’s support, there really is no limit to what can be achieved under the **Community Bank®** model, and I look forward to seeing what the next 15 years will bring.

I thank you for your important support of your local **Community Bank®** branch.

Robert Musgrove
Executive Community Engagement

Pictured: Community Forum March 2013.

The Creswick & District Community Bank Branch ® hosted a community forum in March 2013.

The evening was well attended with over 80 people from Creswick and district attending.

The Community Forum was a very successful evening with a number of great ideas being suggested on the night.

Creswick & District Community Bank® Branch
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