Creswick & District Financial Services Limited

ABN 14 119 315 258

Proudly Supporting the Creswick RSL Light Horse Troop

2014 annualreport

Creswick & District
Community Bank ® Branch
Bendigo Bank

Contents

Chairman's report

For the year ended 30 June 2014

Our **Community Bank®** branch has continued to grow for the seventh successive year reaching holdings of $140 million. A balance made possible by our loyal customers.

Our thanks go to Directors, shareholders, staff and friends for their tireless efforts to grow our business.

It has been a challenging year with the Bendigo Bank realigned profit share reducing our income. This has lead to our community contributions being smaller than the previous year.

This year our community contributions totalled $65,000 which includes $16,000 that has been placed with the Bendigo Community Enterprise Foundation™ for future projects.

From the Community Forum held in March 2013, 15 organisations have now received community grants:

- Mt Prospect & District Tennis Association
- Creswick RSL Light Horse Troop
- Creswick Neighbourhood Centre
- Creswick Market
- Pavilion Arts Project
- Creswick Bowling Club
- Creswick North Primary School
- Creswick Primary School
- St Augustine's Primary School
- Creative Clunes - Booktown
- Clunes & District Agricultural Society
- Clunes Tourist Development Association
- Creswick Brass Band
- Creswick Golf Club
- Creswick & District Hospital Auxillary
- Creswick to London bike ride
- Creswick Historical Society
- Friends of Smeaton
- Kingston & District Agricultural Society

This brings our total community grants to **$450,000**. An achievement not matched by any other local organisation

Our 2013 Annual General Meeting confirmed a dividend of 9.25 cents per share with a divided payout of $62,572 bringing our total return to shareholders to $248,598.

Our partners, Bendigo and Adelaide Bank have passed two important milestones. The **Community Bank®** network now has 305 branches that have donated $122 million back to their communities. We are proud to be part of this wonderful organisation.

We look forward to the future with confidence as Creswick continues to grow and we can continue to contribute to the strengthening of our district community.

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

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 2014

This year we celebrated our seventh year in business, my how quickly the time goes by.

It is pleasing to report that we are continuing to grow in what would be described as a challenging year. Our total portfolio now sits at $140 million. Our results have shown that we are still dedicated to our purpose of existence and that is to help support our community. This year the Creswick **Community Bank®** Branch has contributed a total of $65,000 in local grants and sponsorships taking our seven year total to over $450,000. We are all very proud of this achievement and it would not be possible without the support of our customers.

This year our branch focus will be on delivering a strong message to our customers about protecting themselves and their future. Insurance results were fantastic this year with the branch achieving 143% above budget for sales and also achieving 111% above budget for financial planning/wealth referrals. These results show that the Creswick & District **Community Bank®** Branch cares about our customers well being.

We continue to open an average of 40 accounts per month and the end of this finanicial year I am pleased to advise that our budget of 3.5% customer growth was maintained.

There have been many local organisations that have benefited from our contributions. Mt Prospect Tennis Association received an annual sponsorship and a grant to assist them with the resurfacing of the hard courts. We supported Creswick Youth Alliance RSL Light Horse for the upkeep of their horses, the Creswick Bowling Club to assist with relocating costs as well as Creative Clunes annual sponsorship to assist with the Clunes Book town festival and many more.

In April this year we had a Farmers Breakfast with our guest speaker Senator John Madigan. We had 38 guests attend with 12 of these guests being non customers of the Creswick & District **Community Bank®** Branch. Breakfast was delicious as always thanks to the Tangled Maze in Creswick.

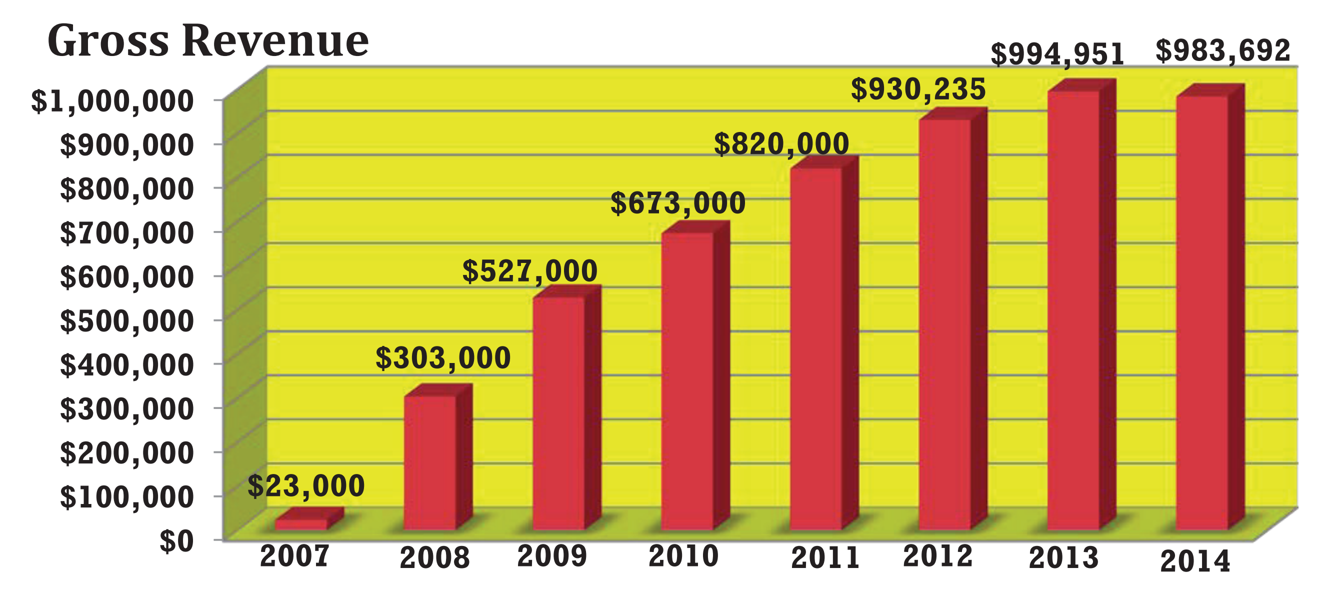
In closing I would like to this opportunity to thank the Board and Narelle Barrett for all their help and support given to me in my first year as Branch Manager.
Also thanks must go to our Regional Office support team lead by Leanne Martin and to our specialists, Neil Short (Business Banking), Gavin Svanosio (Rural Bank) Tim Sinclair and Darren Pryor (Financial Planning).

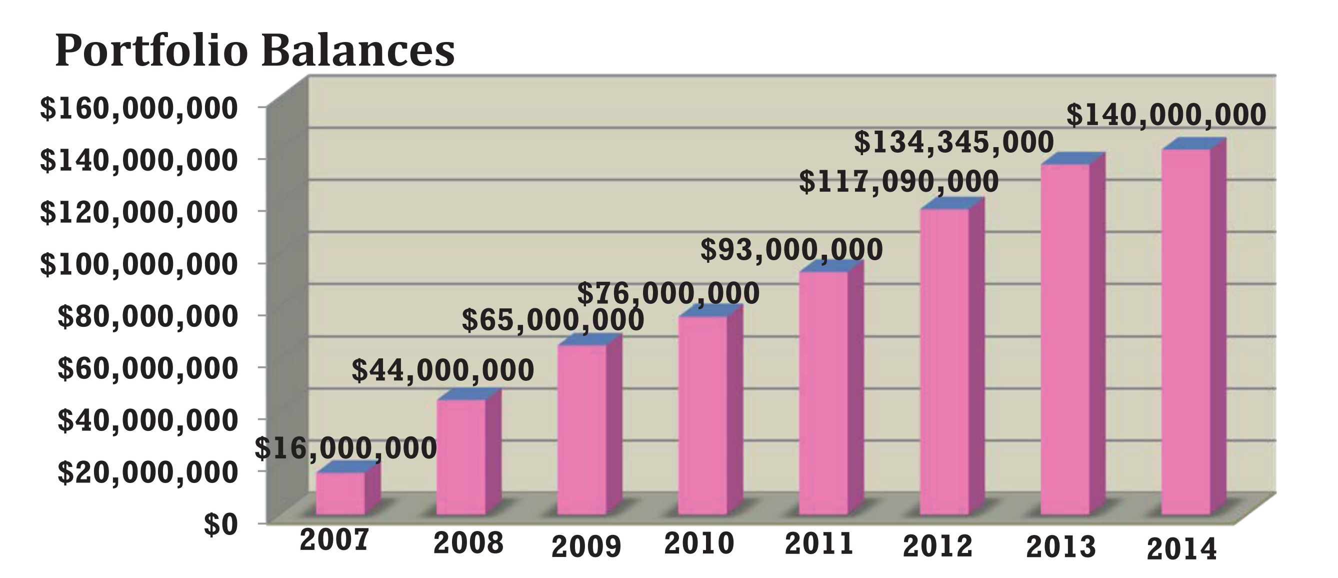
A special thanks to my wonderful staff Taya McGuinness, Louise Clark, Natalie Lee, Sophie Murphy, Fern Wallis and Kristin Living for their hard work, commitment, and dedication to the Creswick & District **Community Bank®** Branch, it has been a great team effort.

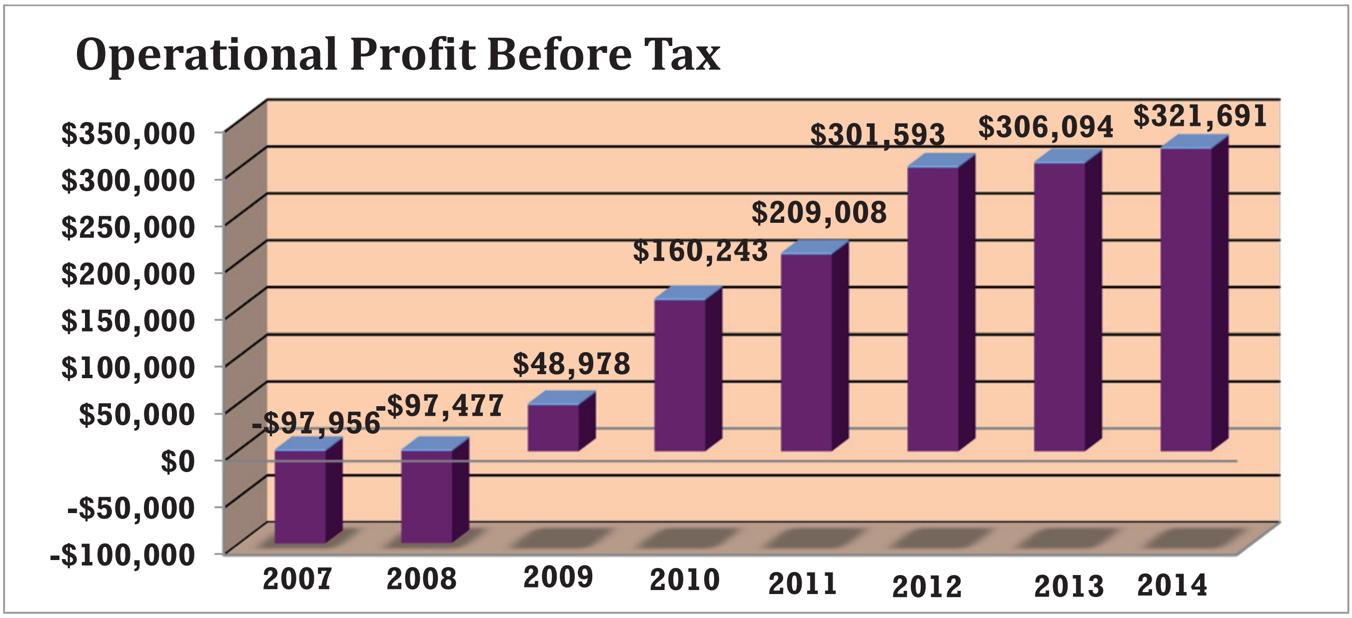
Most of all I would like to thank the customers of the Creswick & District **Community Bank®** Branch because without them we would not exist. I look forward to the 2014/2015 being a bigger and better year.

Rhonda Lowe
Branch Manager

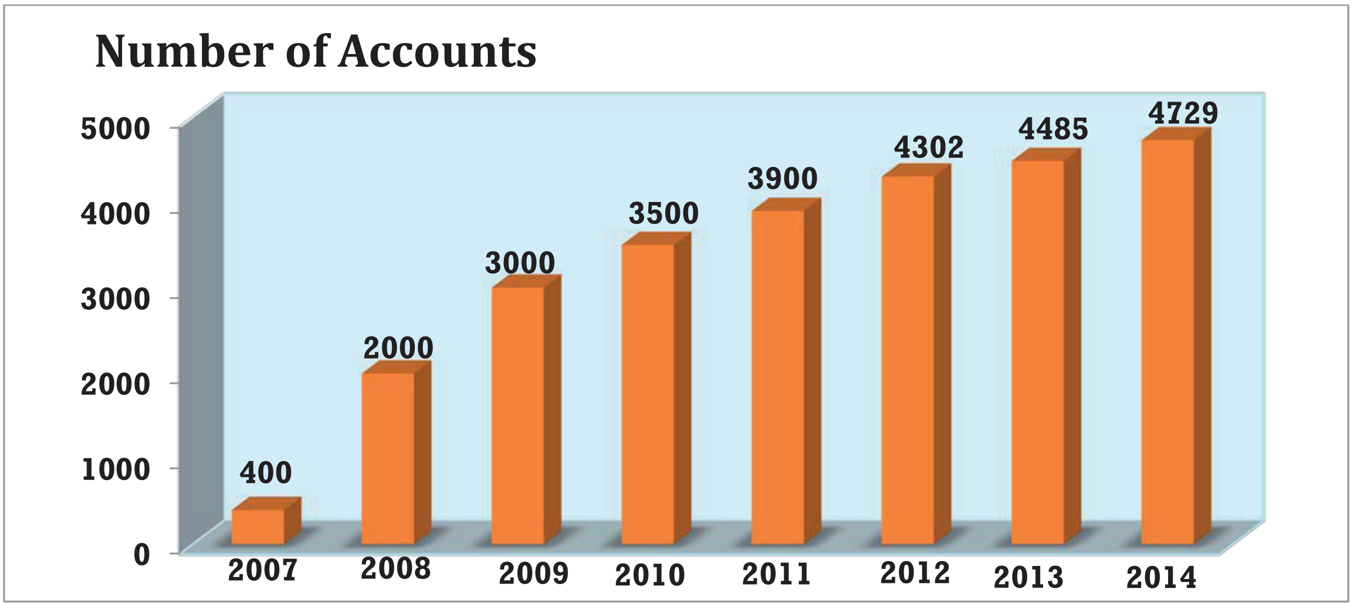
Performance at a glance

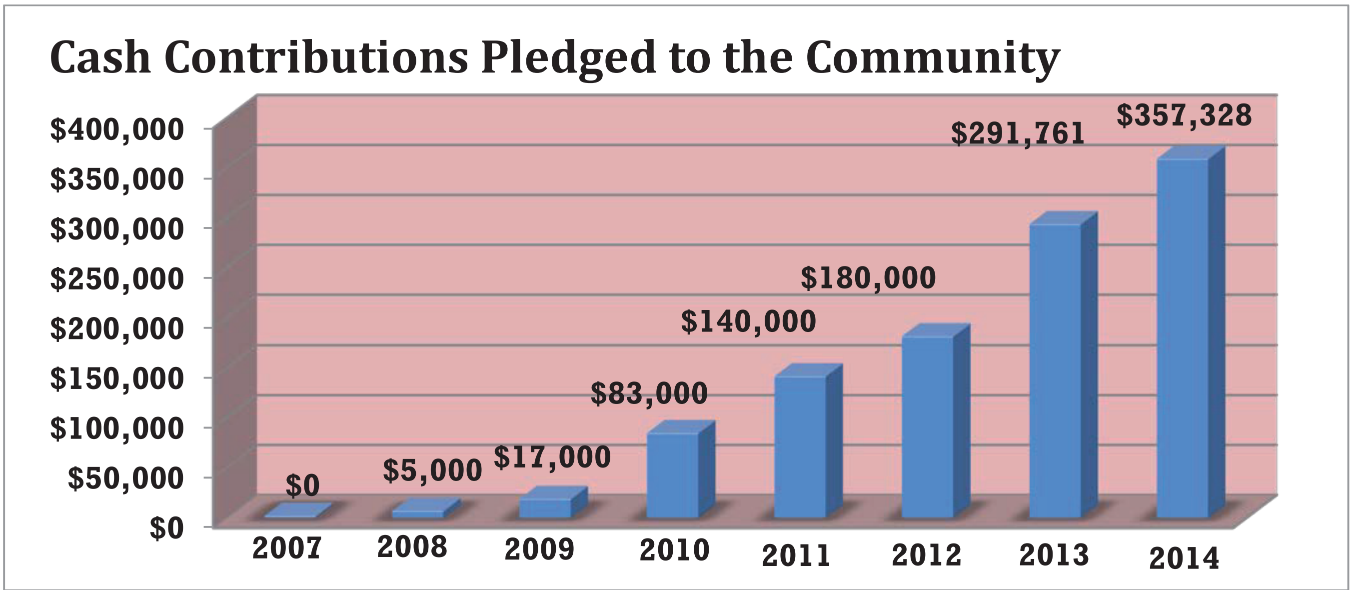


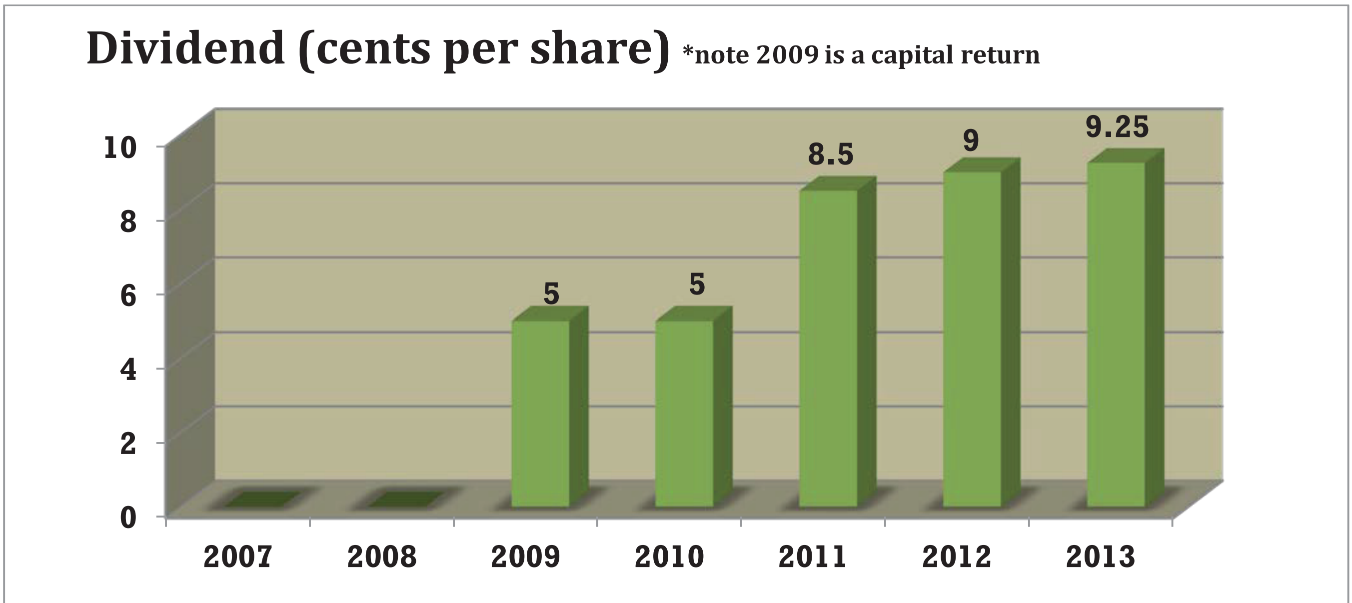




Performance at a glance







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

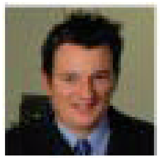
Janine is the Owner/Manager of the Creswick Post Office. Janine is a previous Creswick Ward Councillor and Mayor of the Hepburn Shire.

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

Rhonda Lowe
Branch Manager

Taya McGuinness
Customer Relationship Manager

Louise Jennings
Customer Relationship Officer

Fern Wallis
Customer Service Officer

Natalie Lee
Customer Service Officer

Sophie Murphy
Customer Service Officer

Kristin Living
Customer Service Officer

Narelle Barrett
Executive Assistant to the Board

Community Contributions

Community Contributions and Local Projects supported by the shareholders of Creswick & District Financial Services over the 2013/2014 Financial Year.

Clunes Tourism & Development Association

Creswick Primary School

Creswick Historical Society

Creswick RSL Light Horse Troop

Creswick Golf Club

Creswick Men's Shed

Creswick Neighbourhood Centre

Newlyn Football/Netball Club

Creswick North Primary School

Friends of Smeaton

Kingston Agricultural Society

St Augustines Primary School

Creswick Brass Band

Mt Prospect & District Tennis Association

Creswick Indoor Bias Bowls

Creswick Disaster Plan – Emergency Radio Distribution

Creswick District Hospital Auxillary

Creswick Football/Netball Club

Creative Clunes Booktown

Clunes Golf Club

Clunes & District Agricultural Society

Creswick Lyons Club

Creswick to London Bike Ride

Creswick Bowling Club

Ballarat Sebastopol Cycling Club – Fred Icke Classic

Pavillion Arts Project

Directors' report

Your Directors present their report of the company for the financial year ended 30 June 2014. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:

Directors

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

Name and position held	Qualifications	Experience and other Directorships
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 Company Secretary 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 of CDFSL 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 & operates Creswick Post Office. Founding Director of CDFSL.
Bob Orr Treasurer Board member since 2005	DipFor(Cres) BScFor DipEd DipFor(Oxon.)	Former Victorian School of Forestry Principal and Regional Development Executive. Hepburn Shire Councillor 1997-2003 including Mayor 1997. Bob is active in many local Boards and Committees. Founding Treasurer of CDFSL
Marcus Walsh Director Board member since 2005		Marcus has been in 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 of 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 Commision of Vic. Former director of manufacturing 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. Assis 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 wholesale meat business for 35 yrs. He has also served with the Miners Rest CFA for 30 years. Mike is a Justice of the Peace

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $164,771 (2013 profit: $156,671), which is a 5% increase as compared with the previous year.

The net assets of the company have increased to $1,039,413 (2013: $889,175).

Dividends	Year ended 30 June 2014 Cents per share	$
Dividends paid in the year: final dividend:	9.25	62,572

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 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 was 12. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit Committee meetings #
Graeme Mitchell	9 (12)	3 (4)
Margaret Giles	10 (12)	N/A
Michael Daunt	8 (12)	4 (4)
Bernie Charleson	9 (12)	N/A
Janine Booth	12 (12)	N/A
Bob Orr	11 (12)	4 (4)
Marcus Walsh	9 (12)	3 (4)
Quentin Turner	11 (12)	N/A
Alan Gay	8 (12)	N/A
Michael Beaumont	8 (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 environmental 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 has been the Company Secretary of Creswick & District Financial Services Limited since 2009.

Non audit services

The Board of Directors, in accordance with advice from the Board, IS 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 5 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 4 of this financial report. No officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors
4 September 2014.

Graeme Mitchell

Graeme Mitchell
Chairman

Independence Declaration

Richmond
Sinnott &
Delahunty
Chartered Accountants
Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552
Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

4 September 2014

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 Corporations Act 2001

I declare that to the best of my knowledge and belief, during the year ended 30 June 2014 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 relation to the audit.

P. P. Delahunty
Partner
Richmond Sinnott & Delahunty

Financial Statements

Income Statement
For the year ending June 2014

	Notes	Consolidated Group 2014 $	2013 $
Revenue	3	983,692	994,951
Employee benefits expense	4	(418,033)	(422,401)
Depreciation and amortisation expense	4	(26,633)	(27,797)
Finance costs	4	(1,578)	(8,050)
Bad and doubtful debts expense	4	(395)	(324)
Other expenses	4	(215,362)	(230,285)
Operating profit before charitable donations & sponsorships		321,691	306,094
Charitable donations and sponsorships		(65,567)	(82,675)
Profit before income tax expense		256,124	223,419
Tax expense	5	91,353	66,748
Profit for the year		164,771	156,671
Other comprehensive income			
Revaluation of land and buildings		48,039	-
Total comprehensive income		212,810	156,671
Profit attributable to member of the company		164,771	156,671
Total comprehensive income attributable to members of the entity		212,810	156,671
Earnings per share (cents per share)			
- basic for profit / (loss) for the year	27	24.36	23.16

Balance Sheet
For the year ending June 2014

	Notes	Consolidated Group 2014 $	Consolidated Group 2013 $
Assets			
Current assets			
Cash and cash equivalents	7	147,224	68,200
Short-term investments	8	145,232	132,839
Trade and other receivables	9	90,887	86,570
Total current assets		383,343	287,609
Non-current assets			
Property, plant and equipment	10	663,942	628,061
Deferred tax asset	17	18,413	16,999
Long-term investments	11	64,827	53,609
Intangible assets	12	39,255	53,120
Other non-current assets	13	1,277	1,467
Total non-current assets		787,714	753,256
Total assets		1,171,057	1,040,865
Liabilities			
Current liabilities			
Trade and other payables	14	70,829	61,954
Current tax payable	17	24,621	9,863
Loans and borrowings	15	579	19,259
Provisions	16	12,693	16,011
Total current liabilities		108,722	107,087
Non current liabilities			
Deferred tax liability	17	14,412	-
Loans and borrowings	15	-	30,323
Provisions	16	8,510	14,280
Total non current liabilities		22,922	44,603
Total liabilities		131,644	151,690
Net assets		1,039,413	889,175
Equity			
Asset revaluation reserve	20	48,039	-
Issued capital	18	618,364	618,364
Retained earnings	19	373,010	270,811
Total equity		1,039,413	889,175

Statement of changes in equity
For the year ending June 2014

		Consolidated Group			
		Issued capital $	Retained earnings $	Asset Revaluation Reserve $	Total equity $
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	28	-	(60,881)	-	(60,881)
Balance at 30 June 2013		**618,364**	**270,811**	**-**	**889,175**
Balance at 1 July 2013		**618,364**	**270,811**	**-**	**889,175**
Total comprehensive income for the year		**-**	**164,771**	**48,039**	**212,810**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	28	-	(62,572)	-	(62,572)
Balance at 30 June 2014		**618,364**	**373,010**	**48,039**	**1,039,413**

Statement of Cash Flow
For the year ending June 2014

	Notes	Consolidated Group 2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		1,070,680	995,440
Payments to suppliers and employees		(796,808)	(735,840)
Interest paid		(1,578)	(8,050)
Interest received		6,125	7,873
Income tax paid		(63,597)	(101,708)
Net cash provided by operating activities	21b	214,822	157,715
Cash flows from investing activities			
Payments for property, plant & equipment		(611)	(363)
Shares in Bendigo Bank		(11,217)	(3,371)
Net cash flows used in investing activities		(11,828)	(3,734)
Cash flows from financing activities			
Repayment of borrowings		(42,320)	(56,237)
Repayment of finance leases		(6,684)	(6,211)
Dividends paid		(62,573)	(60,881)
Net cash used in financing activities		(111,577)	(123,329)
Net increase in cash held		91,417	30,652
Cash and cash equivalents at beginning of financial year		201,039	170,387
Cash and cash equivalents at end of financial year	21a	292,456	201,039

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 4 September 2014.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic Dependency

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(b) 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.

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

(c) Income tax

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

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

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

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

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 measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(d) Fair value of assets and liabilities

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

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

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

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

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

1. Summary of significant accounting policies (continued)

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

The fair value of the liabilities and the entity's own equity instruments may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted, and where significant, are detailed in the respective note to the financial statements.

(e) Property, plant and equipment

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

Property
Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss. 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.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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 either in profit or loss or as a revaluation decrease if the impairment losses related to a revalued asset. 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.

Depreciation

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

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

Class of asset	*Depreciation rate*
Buildings	2.5%
Leasehold improvements	4-5%
Plant & equipment	10-67%

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

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

1. Summary of significant accounting policies (continued)

(e) Property, plant and equipment (continued)

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.

(f) Impairment of assets

At each reporting period, the company assesses whether there is any indication that an asset may be impaired. 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.

(g) Goods and services tax (GST)

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

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

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

(h) Employee benefits

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

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

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

(i) 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 Profit or Loss and Other Comprehensive Income.

1. Summary of significant accounting policies (continued)

(j) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

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.

(k) 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, dividend and fee revenue is recognised when earned.

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

(l) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(m) 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.

(n) Borrowing costs

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

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

Employee benefits
The company adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The company has applied these Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the transitional provisions of AASB 119 (September 2011).

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. In accordance with AASB 119 (September 2011), provisions for short-term employee benefits are measured at the (undiscounted) amounts expected to be paid to employees when the obligation is settled, whereas provisions that do not meet the criteria for classification as short-term (other long-term employee benefits) are measured at the present value of the expected future payments to be made to employees.

As the company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, adoption of AASB 119 (September 2011) did not have a material impact on the amounts recognised in respect of the company's employee provisions. Note also that adoption of AASB 119 (September 2011) did not impact the classification of leave entitlements between current and non-current liabilities in the company's financial statements.

1. Summary of significant accounting policies (continued)

(o) New and amended accounting policies adopted by the company (continued)

AASB 119 (September 2011) also introduced changes to the recognition and measurement requirements applicable to termination benefits and defined benefit plans. As the company did not have any of these types of obligations in the current or previous reporting periods, these changes did not impact the company's financial statements.

Fair value measurement

The company has applied AASB 13: Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108 and the specific transitional requirements in AASB 13.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

No material adjustments to the carrying amounts of any of the company's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the company's financial statements.

The disclosure requirements in AASB 13 need not be applied by the company in the comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 January 2013). However, as some of the disclosures now required under AASB 13 were previously required under other Australian Accounting Standards, such as AASB 7: Financial Instruments: Disclosures, the company has provided this previously provided information as comparatives in the current reporting period.

(p) New accounting standards for application in future periods

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

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

(i) AASB 9 *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

(ii) AASB 2012-3: *Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the company's financial statements.

(iii) AASB 2013-3: *Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial statements.

1. Summary of significant accounting policies (continued)

(q) Loans and borrowings

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

(r) 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.

(s) 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.

(t) Comparative figures

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

(u) 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.

Fair value assessment of non-current physical assets

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

Employee benefits provision

Assumptions required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. Treatment of leave under updated AASB 119 standard.

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.

Notes to the financial statements continued

1. Summary of significant accounting policies (continued)

(u) Critical accounting estimates and judgements (continued)

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.

(v) 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.

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.

(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.

Impairment

A financial asset (or group of financial assets) 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(s).

In the case of financial assets carried at amortised cost loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency on interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

1. Summary of significant accounting policies (continued)

(v) Financial instruments (continued)

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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	**2014** **$**	**2013** **$**
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		
ASSETS		
Current assets	390,541	286,121
Non-current assets	722,644	692,149
TOTAL ASSETS	1,113,185	978,270
LIABILITIES		
Current liabilities	112,194	101,862
Non-current liabilities	-	579
TOTAL LIABILITIES	112,194	102,441
EQUITY		
Issued capital	618,364	618,364
Retained earnings	382,627	257,465
TOTAL EQUITY	1,000,991	875,829
Statement of Profit or Loss and Other Comprehensive		
Total profit	187,735	153,762
Total comprehensive income	187,735	153,762

3. Revenue and other income	**Consolidated Group** **$**	**$**
Revenue		
- services commissions	977,567	987,078
	977,567	987,078
Other revenue		
- interest received	6,125	7,873
	6,125	7,873
Total revenue	983,692	994,951

Notes to the financial statements continued

1. Summary of significant accounting policies (continued)

(v) Financial instruments (continued)

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

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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	**2014** **$**	**2013** **$**
The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards:		
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Current assets	390,541	286,121
Non-current assets	722,644	692,149
TOTAL ASSETS	1,113,185	978,270
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	6,125	7,873
Total revenue	983,692	994,951

Notes to the financial statements continued

	Consolidated Group 2014 $	2013 $
4. Expenses		
Employee benefits expense		
- wages and salaries	334,564	342,439
- superannuation costs	31,303	29,412
- other costs	52,166	50,550
	418,033	422,401
Depreciation of non-current assets:		
- building improvements	8,653	8,653
- furniture & fittings	1,454	1,730
- motor vehicles	2,662	3,549
Amortisation of non-current assets:		
- intangible assets	13,864	13,865
	26,633	27,797
Finance costs:		
- Interest paid	1,578	8,050
Bad debts	395	324
Other expenses:		
- Administration & general costs	77,320	76,312
- Agent Commission	39,260	42,346
- Advertising & marketing	8,055	18,466
- IT costs	23,988	23,816
- Occupancy costs	41,581	43,968
- ATM costs	23,252	23,461
- Motor vehicle costs	1,906	1,916
	215,362	230,285
5. Tax Expense		
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	81,871	70,866
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	(4,930)	(4,094)
- deferred tax expense relating to revaluation	14,412	-
- adjustments for under/(over)-provision of current income tax of previous years	-	(23)
	91,353	66,748
b. 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 30% (2013: 30%)	76,837	70,866
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	(23)
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Asset revaluation	14,412	
- Non-deductible expenses	104	(4,094)

	Consolidated Group 2014 $	Consolidated Group 2013 $
5. Tax Expense (continued)		
Current income tax expense	91,353	66,748
Income tax attributable to the entity	91,353	66,748
The applicable weighted average effective tax rate is	35.67%	29.88%
6. Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,510	4,350
- Share registry services	1,200	1,145
	5,710	5,495
7. Cash and cash equivalents		
Bendigo Business Cash Management Cheque	21,288	27,861
Community EFTPOS terminal	181	265
Sandhurst Account	111,953	38,586
Bendigo Overdraft Account	7,382	137
Sandhurst Account	6,420	1,351
	147,224	68,200
8. Short-term investments		
Held to maturity financial assets		
Bendigo Term Deposit	16,836	16,222
Bendigo Term Deposit	-	116,617
Bendigo Term Deposit	70,000	-
Bendigo Term Deposit	50,396	-
Bendigo Term Deposit	8,000	-
	145,232	132,839
9. Trade and other receivables		
Current		
Trade debtors	90,887	86,570
	90,887	86,570

Credit risk

The company has a significant concentration of credit risk with its franchise partner, Bendigo & Adelaide Bank Limited.

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.

Notes to the financial statements continued

9. Trade and other receivables (continued)

2014	Gross amount	Past due and impaired	Past due but not impaired < 30 days	31-60 days	> 60 days	Not past due
Trade receivables	90,887	-	-	-	-	90,887
Other receivables	-	-	-	-	-	-
Total	90,887	-	-	-	-	90,887
2013						
Trade receivables	86,570	-	-	-	-	86,570
Other receivables	-	-	-	-	-	-
Total	86,570	-	-	-	-	86,570

	Consolidated Group 2014 $	2013 $
10. Property, plant and equipment		
Land		
At fair value	160,000	-
At cost	-	150,000
	160,000	150,000
Buildings		
At fair value	350,000	-
At cost	-	323,486
Less accumulated depreciation	-	(7,333)
	350,000	316,153
Building Improvements		
At cost	178,442	178,442
Less accumulated depreciation	(33,718)	(29,257)
	144,724	149,185
Furniture & Fittings		
At cost	6,878	6,267
Less accumulated depreciation	(5,645)	(4,191)
	1,233	2,076
Motor Vehicles		
At Cost	24,283	24,283
Less accumulated depreciation	(16,298)	(13,636)
	7,985	10,647
Total written down amount	663,942	628,061
Movements in carrying amounts		
Land		
Balance at the beginning of the reporting period	150,000	150,000
Revaluation	10,000	-
Balance at the end of the reporting period	160,000	150,000
Buildings		
Balance at the beginning of the reporting period	316,153	320,345
Depreciation expense	(4,192)	(4,192)
Revaluation	38,039	-
Balance at the end of the reporting period	350,000	316,153
Leasehold improvements		
Balance at the beginning of the reporting period	149,185	153,646
Additions	-	-
Disposals	-	-
Depreciation expense	(4,461)	(4,461)
Balance at the end of the reporting period	144,724	149,185

Notes to the financial statements continued

10. Property, plant and equipment (continued)	Consolidated Group 2014 $	2013 $
Movements in carrying amounts (continued)		
Furniture & Fittings		
Balance at the beginning of the reporting period	2,076	3,443
Additions	611	363
Disposals		-
Depreciation expense	(1,454)	(1,730)
Balance at the end of the reporting period	1,233	2,076
Motor Vehicles		
Balance at the beginning of the reporting period	10,647	14,196
Additions	-	-
Disposals	-	-
Depreciation expense	(2,662)	(3,549)
Balance at the end of the reporting period	7,985	10,647

11. Long-term investments

Available for sale financial assets comprise:		
Listed shares at cost		
Shares in listed corporations	64,827	53,609

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	(30,067)	(16,202)
	39,255	53,120
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	53,120	66,985
Additions	-	-
Disposals	-	-
Amortisation expense	(13,865)	(13,865)
Balance at the end of the reporting period	39,255	53,120

13. Other non-current assets

Initial set up costs	850	850
Unexpired borrowing costs	427	617
	1,277	1,467

14. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	37,025	35,823
Other creditors and accruals	33,804	26,131
	70,829	61,954

15. Borrowings

Current Liability		
Chattel mortgage	583	6,994
Unexpired interest	(4)	(312)
Mortgage	-	12,577
	579	19,259

15. Borrowings (continued)	Consolidated Group 2014 $	2013 $
Non Current Liability		
Chattel mortgage	-	583
Unexpired interest	-	(4)
Mortgage	-	29,744
	-	30,323

16. Provisions

Employee benefits	21,203	30,291
Movement in employee benefits		
Annual Leave		
Opening balance	16,011	17,193
Additional provisions recognised	12,097	14,719
Amounts utilised during the year	(15,415)	(15,901)
Closing balance	12,693	16,011
Long Service Leave		
Opening balance	14,280	17,630
Additional provisions recognised	2,784	3,213
Amounts utilised during the year	(8,554)	(6,563)
Closing balance	8,510	14,280
Current		
Annual leave	12,693	16,011
Long-service leave	-	-
	12,693	16,011
Non-current		
Long-service leave	8,510	14,280
	8,510	14,280
Total provisions	21,203	30,291

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. Tax	Consolidated Group 2014 $	2013 $
(a) *Tax Assets*		
Deferred tax asset comprises:		
Provisions	6,361	9,087
Accrued expenses	32	51
Amortisation of Franchise Fee	12,020	7,861
	18,413	16,999

	Consolidated Group	
	2014	2013
	$	$
17. Tax (continued)		
(b) *Tax Liabilities*		
CURRENT LIABILITIES		
Income tax payable	24,621	9,863
	24,621	9,863
NON-CURRENT LIABILITIES		
Deferred tax liability comprises:		
Asset revaluations	14,412	-
	14,412	-

18. 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 2014 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.

	Consolidated Group 2014 $	2013 $
19. Retained earnings		
Balance at the beginning of the reporting period	270,811	175,021
Profit/(loss) after income tax	164,771	156,671
Dividends paid	(62,572)	(60,881)
Balance at the end of the reporting period	373,010	270,811

20. Reserves

(a) *Asset Revaluation Reserve*
The asset revaluation reserve records revaluations of non-current assets

(b) *Analysis of Reserve*

	2014 $	2013 $
Asset Revaluation Reserve		
Profit on revaluation of land and buildings	48,039	-
Increment in asset revaluation reserve	48,039	-

21. 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*

	2014 $	2013 $
Cash and cash equivalents	147,224	68,200
Other financial assets	145,232	132,839
As per the statement of cash flow	292,456	201,039

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

	2014 $	2013 $
Profit / (loss) after income tax	164,771	156,671
Non cash items		
- Depreciation	12,769	13,932
- Amortisation	13,864	13,865
Changes in assets and liabilities		
- (Increase) decrease in receivables	(4,317)	8,362
- (Increase) decrease in other receivables	190	191
- (Increase) decrease in deferred tax asset	(1,414)	(2,791)
- Increase (decrease) in deferred tax liability	14,412	
- Increase (decrease) in income tax payable	14,758	(32,169)
- Increase (decrease) in payables	8,876	4,186
- Increase (decrease) in provisions	(9,087)	(4,532)
Net cash flows from/(used in) operating activities	214,822	157,715

21. Statement of cash flows (continued)

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to $200,000 (2013: $200,000). This may be terminated at any time at the option of the bank. At 30 June 2014, $0 of this facility was used (2013: $0). Variable interest rates apply to these overdraft and bill facilities.

22. 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:

	2014	2013
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.

23. Events after the reporting period

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

24. Contingent liabilities and assets

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

25. 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 and Adelaide Bank Limited who account for 100% of the revenue (2013: 100%).

26. Company details

The registered office is:
21 Armstrong Street North
Ballarat

The principal place of business is:
1 Raglan Street
Creswick

	Consolidated Group	
27. Earnings per share	**2014**	**2013**
	$	**$**
Basic earnings per share amounts are calculated by dividing profit / (loss) 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 / (loss) 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/(loss) after income tax expense	164,771	156,671
Weighted average number of ordinary shares for basic and diluted earnings per share	676,459	676,459
28. Dividends paid or provided for on ordinary shares		
(a) Dividends paid during the year		
Final dividends of 9.25 cents per share, franked at 30% (2013: dividends of 9 cents per share, franked at 30%)	62,572	60,881
(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	165,039	128,101
- Franking credits that will arise from the payment of income tax payable as at the end of the financial year	21,056	(10,825)
	186,095	117,276

29. Fair value measurements

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- freehold land and buildings

The company subsequently measures some items of freehold land and buildings at fair value on a non-recurring basis.

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

29. Fair value measurements (continued)

a. Fair value hierarchy

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation Techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach:* valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approach:* valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach:* valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

		30 June 2014			
		Level 1	Level 2	Level 3	Total
	Note	$	$	$	$
Recurring fair value measurements					
Non-financial assets					
Freehold land and buildings		-	510,000	-	510,000
Total non-financial assets recognised at fair value on a recurring basis		-	510,000	-	510,000
Non-recurring fair value measurements		-	510,000	-	510,000

29. Fair value measurements (continued)

	Note	30 June 2013 Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements					
Non-financial assets					
Freehold land and buildings		-	-	-	-
Total non-financial assets recognised		-	-	-	-
Non-recurring fair value measurements		-	-	-	-

There were no transfers between Level 1 and Level 2 for assets measured at fair value on a recurring basis during the reporting period (2013: no transfers).

b. Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2014 $	Description of valuation techniques	Inputs used
1 Raglan Street	510,000	Market value approach using valuation of land and buildings.	Real Estate Agent

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

30. 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:

	Note	2014 $	2013 $
Financial assets			
Cash and cash equivalents	6	147,224	68,200
Other financial assets		145,232	132,839
Trade and other receivables		90,887	86,570
Long-term investments		64,827	53,609
Total financial assets		448,170	341,218
Financial liabilities			
Trade and other payables	10	70,829	61,954
Borrowings		579	49,582
Total financial liabilities		71,408	111,536

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 main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency 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.

(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. 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 (2013: 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.

30. Financial risk management (continued)

(a) Credit risk (continued)

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.

	2014 $	2013 $
Cash and cash equivalents:		
A rated	147,224	68,200

(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.

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 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	14	(70,829)	(70,829)	-	-
Loans and borrowings	15	(579)	(579)	-	-
Total expected outflows		(71,408)	(71,408)	-	-
Financial assets - realisable					
Cash & cash equivalents	7	147,224	147,224	-	-
Other financial assets	8	145,232	145,232	-	-
Trade and other receivables	9	90,887	90,887	-	-
Investments	11	64,827	64,827	-	-
Total anticipated inflows		448,170	448,170	-	-
Net (outflow)inflow on financial instruments		376,762	376,762	-	-

30. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2013		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)	-

(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 borrowings, 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.

	Profit $	Equity $
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	1,466	1,466
	1,466	1,466
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	186	186
	186	186

The company has no exposure to fluctuations in foreign currency.

30. Financial risk management (continued)

(d) Price risk

The company is not exposed to any material price risk.

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, as set out on pages 5 to 32 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 2014 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.

Graeme Mitchell

Graeme Mitchell
Chairman
Signed at Creswick on 4 September 2014.

Richmond Sinnott & Delahunty
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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 2014, 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 Pty Ltd
ABN 60 616 244 309
Liability limited by a scheme approved under Professional Standards Legislation

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

Independent Audit Report continued

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 2014 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
Chartered Accountants

P. P. Delahunty
Partner

Dated at Bendigo, 4 September 2014

Notes

Our 7th Birthday Celebrations

Front cover photo by Terry Hope Photography.
Birthday Photo by Julie Hough of the Hepburn Advocate

Creswick & District Community Bank® Branch
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