



Our major project for 2017 was supporting the redevelopment of the John Curtin Aged Care facility.

2017
annualreport

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Chairman's Report

For the year ended 30 June 2017

Reaching our 10th year in business was a very special milestone for our **Community Bank®** branch and Creswick. The District should feel very proud of this achievement. Your Bank has grown the business in each of those years apart from this last one. Our Manager's report will detail the reasons. Despite this flat growth we have remained profitable, enabling us to contribute a record of over \$200,000 to the community in grants and sponsorships and pay a 10.5 cent fully franked dividend to our shareholders.

Our 10th Birthday was celebrated on Sunday 21 May at Doug Lindsay Recreation Reserve and attended by over 250 with entertainment, hospitality and formalities. On display was a complete history of our Bank, from Steering Committee through to present structure. Our guest speaker was David Matthews, the first **Community Bank®** company Chairman and now a Director of Bendigo Bank itself. David spoke of the early **Community Bank®** network days and related many colourful memories, including the building of our great **Community Bank®** organisation. Many thanks to David for sharing our Birthday and adding to what was a memorable day. Another highlight on the day was 23 shareholders presenting cheques to our community partners, and announcing our major project for this year being an investment in the John Curtin Aged Care facility to assist them with extensions and modernisation to the current buildings. We also announced that our Bendigo Community Enterprise Foundation™ will run an appeal to help complete this project.

Over the past 10 years we have distributed 1.3 million in community investments and shareholder dividends, a great achievement by any measure. We granted community investments to 93 not-for-profit organisations over this time. For this to happen many people have made outstanding contributions and it gives me great pleasure to acknowledge their excellent efforts.

Firstly our customers for their wonderful support, promotion and on-going loyalty to our Bank, without them this would not be possible.

Secondly our Board which continues to give timeless hours on a voluntary basis. They have worked to keep us efficient and effective for 12 years and we are thankful for their commitment to our Bank and our community.

Thirdly our staff. We are very fortunate to have a staff of lovely people who are admired in the district for their professional and friendly service that they give to our customers. Well done to all.

It gives me great pleasure to welcome Daryl Clifton to our Board I am sure with his skills he will be a great asset. I wish him a long, happy and successful time with Creswick & District Financial Services Limited Board.

I would like to personally thank Michael Daunt for his very professional handling of our Company Secretary position for the last eight years. Michael is stepping down as Company Secretary and I would like to acknowledge his experience, wisdom and personal commitment. It has been a great example to our Board members. Our shareholders, Board and staff are deeply indebted to you. Fortunately Michael is staying on as a Director.

I would like to inform you all that after 12 years, I will be stepping down as Chairman following the Annual General Meeting. I would like to thank the Board and staff for their support over this time. It has been a privilege to be your Chairman. The Creswick & District **Community Bank®** Branch was started to make our community a better place and to be a major contributor to our community. I think we can be very proud of what has been achieved so far. I believe that our contribution to the community will grow tremendously in the coming years. We have a very strong balance sheet and we are in an excellent position for a very positive future, which I look forward to be a part of. In the past four years our Board has successfully recruited four new Directors, providing us with strong representation in our surrounding District and giving us excellent prospects for our future.

In closing your continued support ensures a successful Creswick & District **Community Bank®** Branch which in turn enables our community to be a better place for all of us. This is the purpose of our **Community Bank®** company.



Graeme Mitchell
Chairman

Managers Report

For the year ended 30 June 2017

The past year has been a tough one in banking due mainly to low interest rates, property sales and the high amortisation of our lending book as customers continue to pay down debts quicker than their scheduled repayments require. As a result we have seen our branch holdings drop from \$166 million to \$157 million during the year. Over the last couple of months I have seen some positive signs that we will be able to turn this around to a more positive result in the coming year.

I am pleased to advise, despite these impediments, our branch has produced an operating profit close to last year's, and importantly still managed to contribute in excess of \$200,000 in local grants and sponsorships which is a phenomenal effort. These grants and sponsorships were distributed amongst 45 different community groups and organisations in Creswick and the surrounding district. We are extremely proud of this and would like to thank all our customers, as without you it would not be possible.

Creswick & District **Community Bank®** Branch celebrated a huge milestone this year, our 10th Birthday. We were very happy to see so many of the members of our community, customers and shareholders attend to help us celebrate our milestone. We look forward to contributing to the local communities for the next 10 years and beyond.

There have been a number of staff changes in the past year, including my appointment as Branch Manager. We also welcomed Gillian Allman as Customer Relationship Manager and John Collins as Customer Relationship Officer after Sophie Murphy's departure on her overseas holiday.

Congratulations to our longstanding staff members, Kristin Living, Fern Wallis and Louise Jennings on achieving their 10 years' service with the branch. I feel I have a very strong team to move forward with and am hoping to achieve some great things this year. I would like to thank them all for the work they have put in and the quality service they have provided our customers. My team takes pride in running a successful business and doing our part to ensure that the local communities continue to benefit from our profits invested back into Creswick and the surrounding district.

Ken and Marg Gibson at our agency have proven to be a vital part of the team. They have assisted me in getting to know some of the locals and the not so locals in the township of Clunes. I hope to build an even bigger and better relationship with the residents and business owners of Clunes.

I would like to take this opportunity to thank the Board members and Narelle Barrett, Board Assistant, for their support over the past year and I look forward to working with them in the future. A big thank you to the Bendigo team, Leanne Martin Regional Manager, Mark O'Dowd Regional Community Manager and their team in the State Office Ballarat for their help in settling in to the role here. I would also like to thank the specialists in Ballarat, Gavin Svanosio and Tania Currie in Rural Bank, David Sproules and Aaron Burfurd in the Business Banking team, also Tim Sinclair in Wealth, for all their assistance as well.

In closing I would like to thank our loyal and valued customers without whom we would not exist. I would like to also ask that you all talk to your family, friends and neighbours, your local sporting clubs and community organisations about the benefits to them and their local communities should they choose to make Creswick & District **Community Bank®** Branch their bank of choice.



Sue Armstrong
Branch Manager

10 years in the Community



25 May 2017

Mr Graeme Mitchell
Chairman
Creswick & District Community Bank
1 Raglan Street
Creswick 3363

Dear Mr Mitchell

Congratulations

On behalf of Bendigo and Adelaide Bank, congratulations to you, your fellow directors and branch staff on your 10th birthday milestone.

Never underestimate what you have, and continue to achieve in your local community. At milestones such as this, it's timely to sit back and reflect on your **Community Bank®** company and your **Community Bank®** branch achievements from the past 10 years, demonstrated through your contributions of over \$1.3m with a highlight being your recent announcement of \$200,000 in grants, including \$135,000 to the John Curtin Aged Care Facility.

Nationally, the figures are staggering.

- \$165 million in community contributions since 1998
- More than 1.14 million **Community Bank®** accounts
- More than 74,900 **Community Bank®** shareholders
- More than \$42.69 million in dividends to **Community Bank®** shareholders

And really, in terms of the life of your business and this model – we have only scratched the surface of business to be generated and returns to be made to your community and communities like yours across Australia.

As your partner, we're proud of each and every contributor to your success. From the local community leaders you have sitting around your board table to the staff in your **Community Bank®** branch. And everyone else who contributes to bringing traditional, face-to-face banking to your local community.

Our **Community Bank®** network is made up of quiet achievers – people like you, your board directors and staff who believe in the power of Community Banking, the power of great customer service and who are committed to giving back to Australian suburbs, regional cities and towns across Australia.

Please pass on our congratulations for achieving this great milestone. Take some time out to reflect on your achievements and here's to the next 10 years of Creswick **Community Bank®** branch of Bendigo Bank.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Robert Musgrove'.

Robert Musgrove
Executive Engagement Innovation

"Proud to be your partner"

CC: Tim Rodda, State Manager
Leanne Martin, Regional Manager
Mark O'Dowd, Regional Community Manager

Bendigo Bank Limited ABN 11 068 049 178 AFSL 237879.

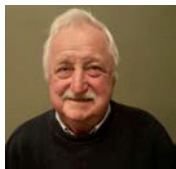
The Bendigo Centre, Bendigo VIC 3550 Phone 1300 361 911 Fax 1300 367 615

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(S15255)

www.bendigobank.com.au

Connecting with the Community



Graeme Mitchell

Graeme is a local resident of Creswick and has operated his own retail business. He has been a driving force behind establishing our Community Bank.



Michael Daunt

Michael is a local resident and has a strong background in the Livestock and the Real Estate Industry. He operated his own company for over 30 years.



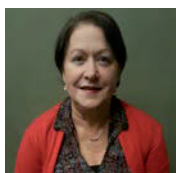
Robert Orr OAM

Bob was head of the Victorian School of Forestry. He is active in many local organisations and was a Hepburn Shire Councillor and the Shire's first Mayor.



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 Kingston CFA.



Michael Beaumont

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



Marcus Walsh

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



Tim Hayes

Tim is a former senior local government officer with 30 years experience. He is the Secretary of the Creative Clunes Public Fund.



Jeff Unmack

As owner of the Creswick Pharmacy for the past 16 years he is a long-time supporter Community Groups. He is a past President of the Ballarat Club.



Joanne Bott

Jo is the Administration Manager at the RACV Goldfields Resort. She is a member of Rotary.

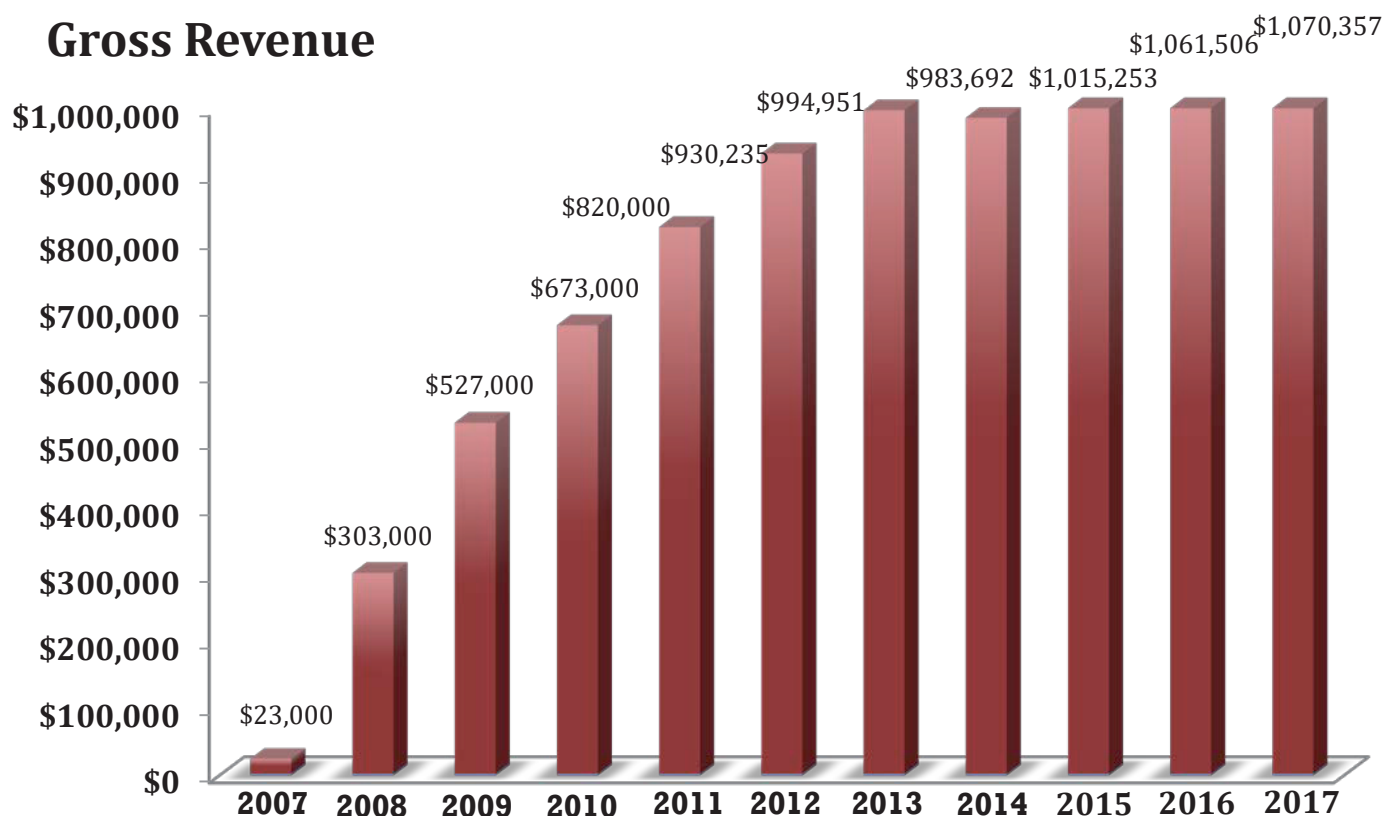


Daryl Clifton

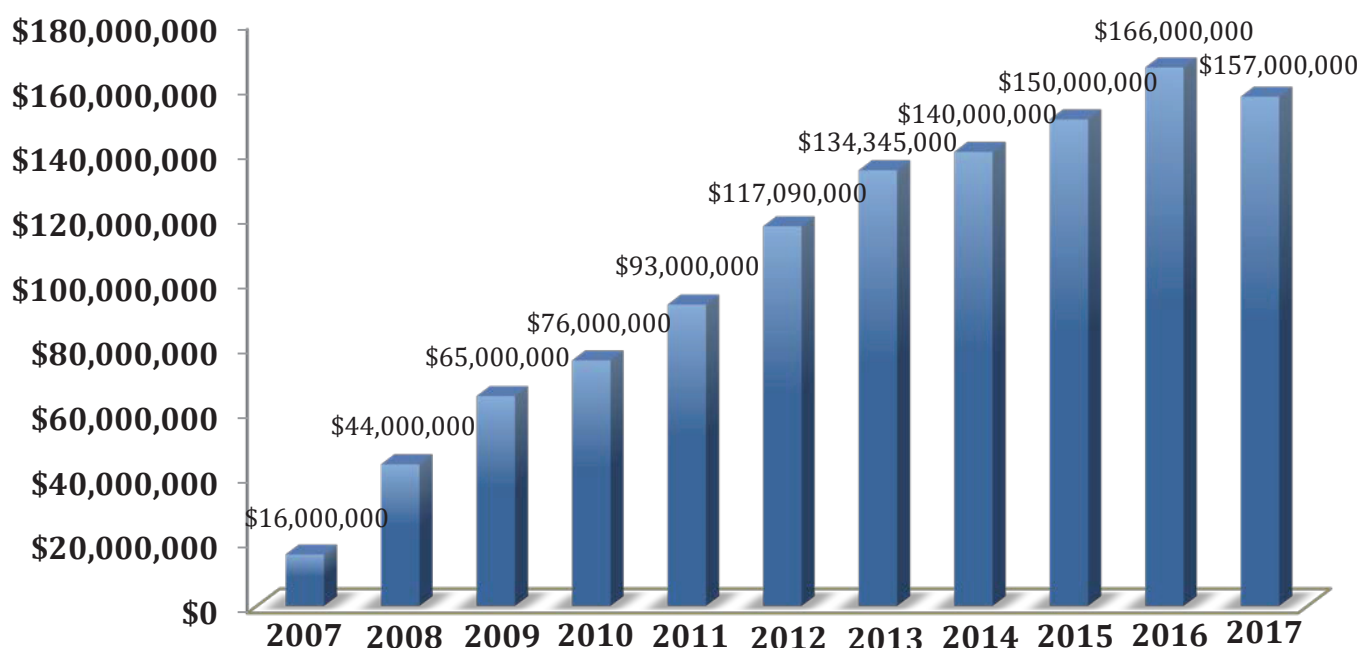
Daryl is a retired Police Superintendent and is involved in many community groups including the Doug Lindsay Reserve Management Committee.

Performance at a glance

Gross Revenue

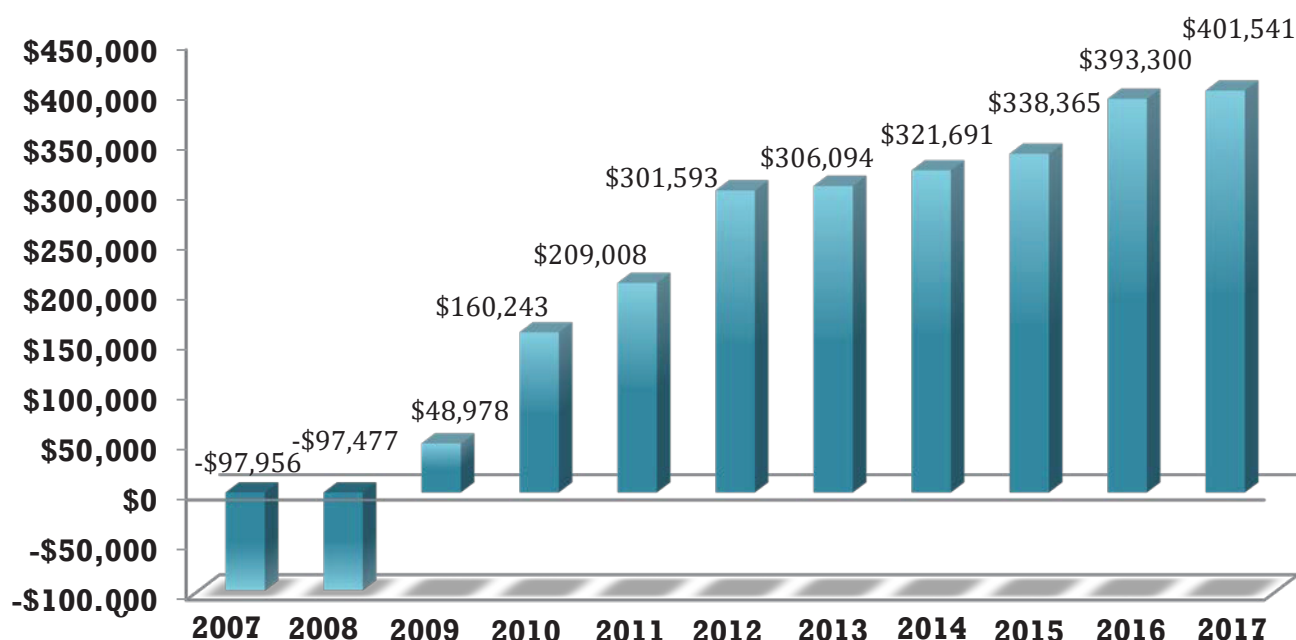


Portfolio Balances

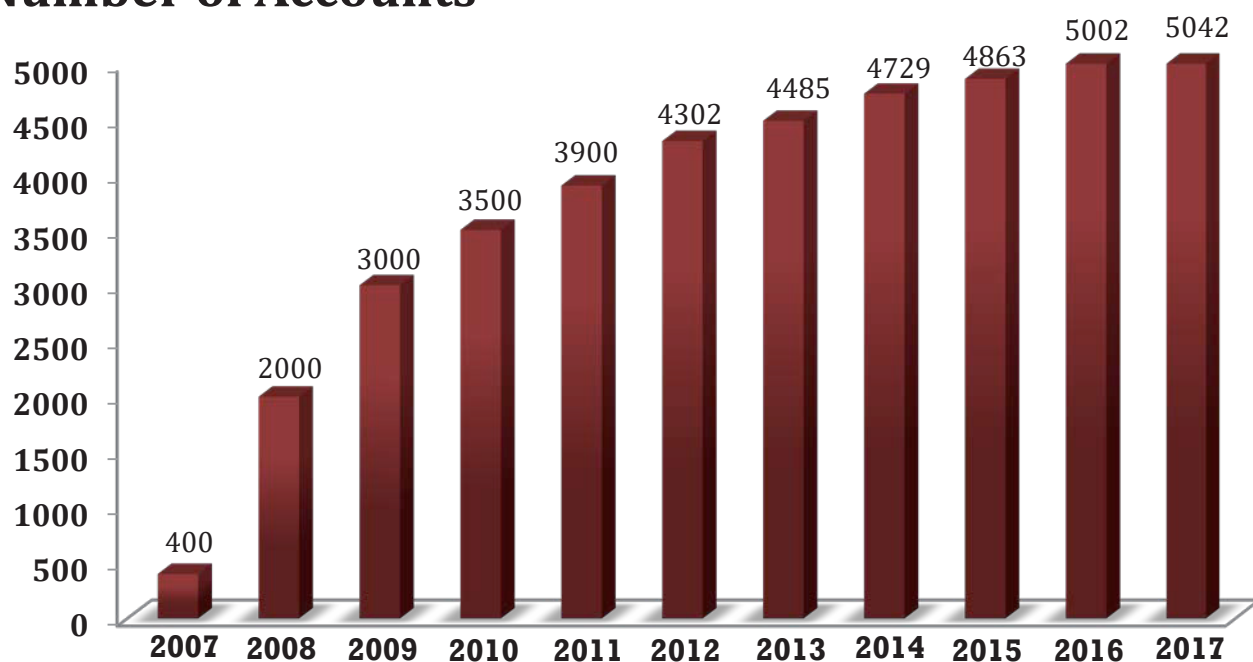


Performance at a glance

Operational Profit Before Tax



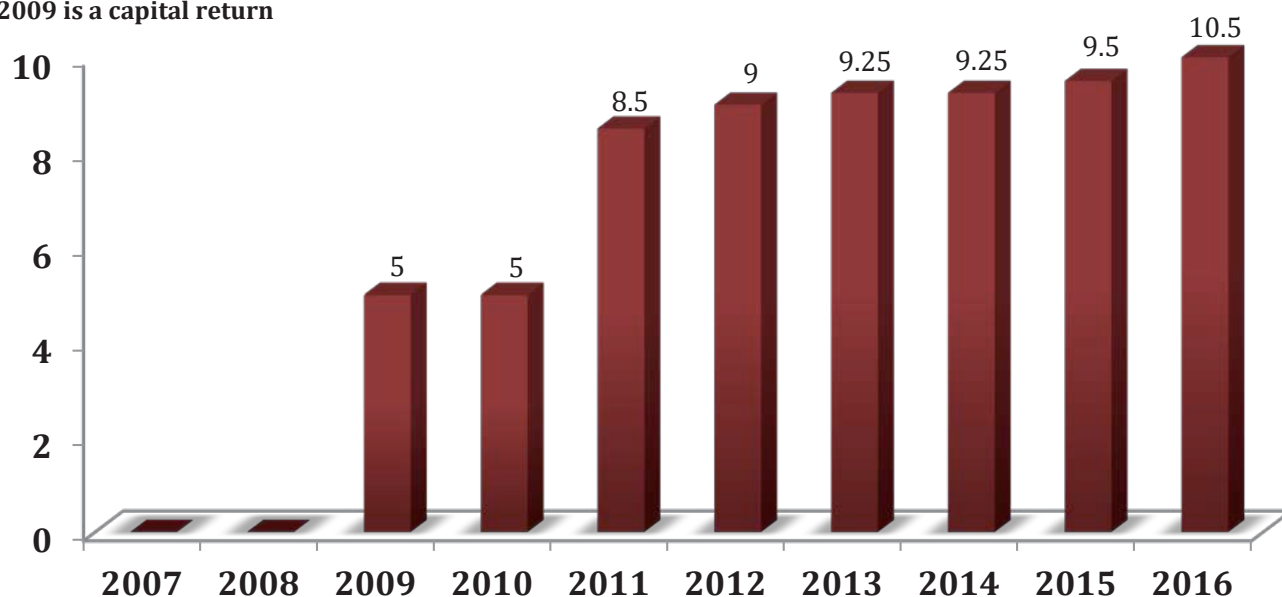
Number of Accounts



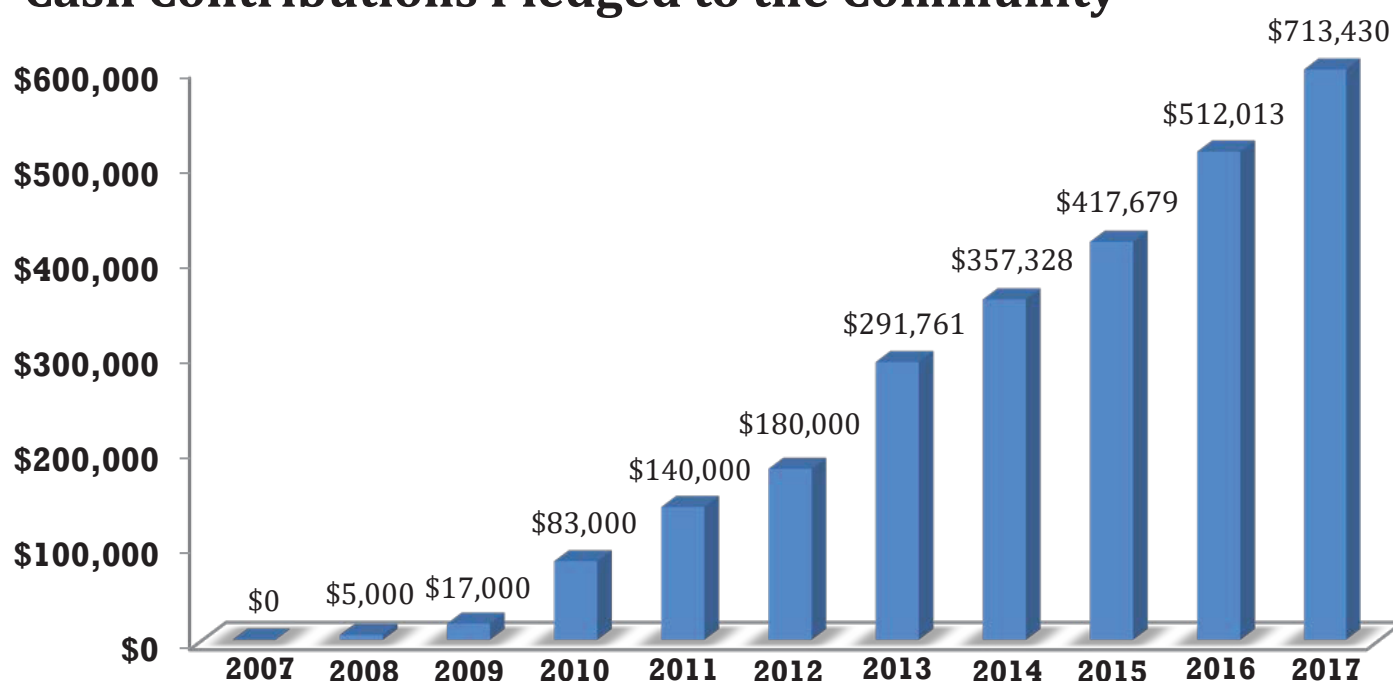
Performance at a glance

Dividend (cents per share)

*note 2009 is a capital return



Cash Contributions Pledged to the Community



Community Contributions

Community Contributions and Local Projects supported by the shareholders of Creswick & District Financial Services over the 2016/2017 Financial Year.

John Curtin Aged Care
Creswick Neighbourhood Centre
Clunes Tourist Development Association
Creswick Garden Club
The Kingston Agricultural & Pastoral Society
The Doug Lindsay Recreation Reserve Committee of Management
Newlyn Football Netball Club
Creswick District Hospital Auxiliary
Creswick & District Historical Society
Creative Clunes – Clunes Booktown
Ballarat Sebas Cycling Club – Fred Icke Memorial Race
Creswick & District Aquatic Centre
Creswick Primary School
The Anglican Parish of Springmount
Creswick Light Horse Troop
Creswick Football Netball Club
Clunes Football Netball Club
Mt Prospect and District Tennis Association
Creswick Amateur Theatre Club
Clunes Agricultural Society
Clunes Bowling Club
Masonic Lodge Clunes
VOGA Cycling Club
St Augustine's Primary School
Clunes Neighbourhood House
Creswick Men's Shed
Creswick Bowling Club
Creswick Imperials Cricket Club
Ascot Fire Brigade
Creswick Probus Club
Creswick Museum
Smeaton Rural Fire Brigade
St Andrew's Uniting Church – Evening Group
Creswick Youth Girls Football Team
Creswick North Primary School
Victoria Street Craft Group
Creswick Brass Band

Director's Report

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

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:

Graeme Mitchell	Chairman
Experience and expertise	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.
Board member since	2005, Chairman since 2005

Michael Daunt	Company Secretary
Experience and expertise	30 years as a Company Director of a Real Estate Agency specialising in Commercial Property throughout Victoria and NSW. Local resident for 30 years.
Board member since	2008, Company Secretary since 2009

Janine Booth	Treasurer
Experience and expertise	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 the Creswick Post Office. Founding Director of CDFSL
Board member since	2005, Elected Treasurer 31 January 2017

Bob Orr (OAM)	Director
Experience and expertise	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 on many local Boards and Committees. Bob is Treasurer of John Curtin Aged Care. Founding Treasurer of CDFSL.
Board member since	2005, Treasurer from 2005 to 31 January 2017

Bernie Charleson	Director
Experience and expertise	Bernie currently resides in Creswick but was a long time resident of Kingston. He is involved in many community committees. Founding Director of CDFSL. Chairperson of Business Development & Community Investment Committee.
Board member since	2005

Marcus Walsh	Director
Experience and expertise	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. Chairperson of Audit & Governance Committee.
Board member since	2005

Quentin Turner	Director
Experience and expertise	Grad Dip Business Admin, Associate Fellow of the Australian Institute of Management. Current Chairman of CFA and Brigades Trust Fund. Former Commissioner in the Employment Relations Commission of Vic. Former Director of Manufacturing for Australian Timken P/L.
Board member since	2008

Michael Beaumont	Director
Experience and expertise	A current Director of the Ballarat Meat Company. Michael has been involved in the retail and wholesale meat business for over 35 years. He has also served with the Miners Rest CFA for over 30 years. Michael is a Justice of the Peace.
Board member since	2010

Director's Report cont ..

Timothy Hayes	Director
Experience and expertise	Dip Business Studies, Bachelor of Arts. A former Senior Local Government Officer and proprietor of a Clunes business. Tim is a former Hepburn Shire Councillor and was Mayor in 2008. He is Secretary of Creative Clunes Public Fund.
Board member since	2014

Jeff Unmack	Director
Experience and expertise	Pharmacist. Jeff has been working as a qualified Pharmacist for 30 years and has owned and operated his own Pharmacy for 16 years. He is a past President of the Committee of Ballarat Club.
Board member since	2015

Joanne Bott	Director
Experience and expertise	BComm (acc) Dip.Man. Jo has been a successful business owner and held a variety of Management positions across the Tourism, Health and Retail industries. Chairperson of the HR Committee.
Board member since	Appointed on 30 August 2016

Daryl Clifton	Director
Experience and expertise	Masters Degree in Ed, Graduate Certificat in Public Administration and Certificat IV in Work Place Training and Development. Daryl is a retired senior manager with Victoria Police after serving for 42 years. He is also a community representative on The Committee for Ballarat and Chair of the Doug Lindsay Reserve Committee of Management.
Board member since	Appointed on 26 April 2017

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board meetings		Audit Committee meetings	
	A	B	A	B
Graeme Mitchell	12	10	3	2
Michael Daunt	12	8	3	3
Bob Orr	12	10	3	2
Bernie Charleson	12	9	N/A	N/A
Janine Booth	12	12	3	3
Marcus Walsh	12	9	3	2
Quentin Turner	12	11	N/A	N/A
Michael Beaumont	12	10	N/A	N/A
Timothy Hayes	12	10	3	2
Jeff Unmack	12	11	N/A	N/A
Joanne Bott	11	8	N/A	N/A
Daryl Clifton	3	3	N/A	N/A

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Director's Report cont ..

Company Secretary

Michael Daunt has been the Company Secretary since 2009. His experience and qualifications are listed above.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was \$144,784 (2016 profit: \$222,141), which is a 35% decrease as compared with the previous year. This decrease relates to Charitable donations and Sponsorships for the year being significantly greater than that of the previous year (2017:\$201,417 2016:\$94,334).

Dividends

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

A fully franked final dividend of 10.5 cents per share was declared and paid during the year for the year ended 30 June 2016.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

Director's Report cont ..

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.

Proceedings on behalf of company

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

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 6 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Equity Holdings of Management Personnel

The number of ordinary shares in the company held during the financial year and prior year by each Director and other key management personnel, including their related parties, are set out below:

Name	Balance at 30 June 2016	Net change in holdings	Balance at 30 June 2017
Directors			
Graeme Mitchell	13,501		13,501
Michael Daunt	4,800		4,800
Bob Orr	18,301		18,301
Bernie Charleson	14,001		14,001
Janine Booth	4,501		4,501
Marcus Walsh	501		501
Quentin Turner	500		500
Michael Beaumont	9,500	2,000	11,500
Timothy Hayes	1,000		1,000
Jeff Unmack	10,000		10,000
Joanne Bott	-	200	200
Daryl Clifton	-	1,000	1,000

Signed in accordance with a resolution of the Board of Directors at Creswick on 29 August 2017.



Graeme Mitchell
Director

Auditor Independent Declaration



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Web www.ppt.com.au

Phone (03) 5331 3711
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Auditor Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Creswick & District Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

PPT Audit Pty Ltd.....
PPT Audit Pty Ltd

A handwritten signature in black ink, consisting of a series of loops and flourishes, positioned above a dotted line.

.....
Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat

28 August 2017

Financial Statements

Statement of Profit or Loss and other Comprehensive Income For the year ending 30 June 2016

	Note	2017 \$	2016 \$
Revenue	2	1,070,357	1,061,503
Expenses			
Employee benefits expense	3	413,289	426,035
Depreciation and amortisation	3	29,925	31,033
Bad and doubtful debts expense	3	378	570
Administration and general costs		84,352	62,780
Occupancy expenses		45,195	47,366
IT expenses		22,974	25,214
Agent commission		36,096	44,156
Advertising and marketing		11,164	9,375
Other expenses		25,443	21,674
		<u>668,816</u>	<u>668,203</u>
Operating profit / (loss) before charitable donations and sponsorships		401,541	393,300
Charitable donations and sponsorships		<u>201,417</u>	<u>94,334</u>
Profit / (loss) before income tax		200,124	298,966
Income tax expense / (benefit)	4	<u>55,340</u>	<u>76,825</u>
Profit/(loss) for the year		144,784	222,141
Revaluation of assets		<u>119,049</u>	<u>(21,778)</u>
Total comprehensive income for the year		<u>263,833</u>	<u>200,363</u>
Profit / (loss) attributable to members of the company		263,833	200,363
Total comprehensive income attributable to members of the company		<u>263,833</u>	<u>200,363</u>
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	18	21.40	32.84

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

Financial Statements

Statement of Financial Position For the year ending 30 June 2016

	Note	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	5	288,329	135,999
Trade and other receivables	6	94,056	102,986
Financial assets	7	471,045	526,364
Current tax asset	4	5,933	-
Other assets	8	850	850
Total current assets		860,213	766,199
Non-current assets			
Property, plant and equipment	9	795,792	500,737
Intangible assets	10	-	11,527
Deferred tax assets	4	-	10,360
Total non-current assets		795,792	522,624
Total assets		1,656,005	1,288,823
Liabilities			
Current liabilities			
Trade and other payables	11	67,997	63,778
Current tax liability	4	-	24,627
Provisions	13	15,637	18,623
Total current liabilities		83,634	107,028
Non-current liabilities			
Provisions	13	20,790	18,727
Deferred tax liability	4	35,656	-
Total non-current liabilities		56,446	18,727
Total liabilities		140,080	125,755
Net assets		1,515,925	1,163,068
Equity			
Issued capital	14	618,364	618,364
Retained earnings	15	745,766	671,958
Reserves	17	151,795	32,746
Total equity		1,515,925	1,323,068

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

Financial Statements

Statement of Changes in Equity For the year ending 30 June 2016

	Note	Issued capital \$	Retained earnings \$	Reserves \$	Total equity \$
Balance at 1 July 2015		618,364	514,081	54,524	1,186,969
Profit / (Loss) for the year		-	222,141	-	222,141
Other comprehensive income for the year		-	-	(21,778)	(21,778)
Total comprehensive income for the year		-	222,141	(21,778)	200,363
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	16	-	(64,264)	-	(64,264)
Balance at 30 June 2016		618,364	671,958	32,746	1,323,068
Balance at 1 July 2016		618,364	671,958	32,746	1,323,068
Profit / (Loss) for the year		-	144,784	-	144,784
Other comprehensive income for the year		-	-	119,049	119,049
Total comprehensive income for the year		-	144,784	119,049	263,833
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	16	-	(70,976)	-	(70,976)
Balance at 30 June 2017		618,364	745,766	151,795	1,515,925

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

Financial Statements

Statement of Cash Flows For the year ending 30 June 2016

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		1,058,276	1,036,173
Payments to suppliers and employees		(837,013)	(718,501)
Dividends received		8,290	6,898
Interest received		12,722	8,644
Income tax paid		(89,088)	(87,330)
Net cash provided by / (used in) operating activities	19b	153,187	245,884
Cash flows from investing activities			
Purchase of property, plant and equipment		(877)	(11,280)
Purchase of shares in Bendigo Bank		(11,232)	(30,790)
Net cash flows from / (used in) investing activities		(12,109)	(42,070)
Cash flows from financing activities			
Dividends paid		(70,976)	(64,264)
Net cash provided by / (used in) financing activities		(70,976)	(64,264)
Net increase / (decrease) in cash held		70,102	139,550
Cash and cash equivalents at beginning of financial year		538,694	399,144
Cash and cash equivalents at end of financial year	19a	608,796	538,694

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

Notes to the Financial Statements

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

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 29 August 2017.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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

Notes to the Financial Statements continued

1. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Economic dependency (continued)

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

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

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

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

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

(e) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation

Notes to the Financial Statements continued

for the current financial year.

1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

Impairment

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

(g) New accounting standards for application in future periods

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

Notes to the Financial Statements continued

1. Summary of significant accounting policies (continued)

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:

(g) New accounting standards for application in future periods

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

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

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

- a) Financial assets that are debt instruments will be classified based on:
 - (i) the objective of the entity's business model for managing the financial assets; and
 - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

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

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

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

Notes to the Financial Statements continued

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

1. Summary of significant accounting policies (continued)

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

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

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

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in

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

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

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

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

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

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

AASB 16:

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

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

Notes to the Financial Statements continued

2. Revenue

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

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

Rendering of services

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

Interest, dividend and other income

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

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

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

	2017 \$	2016 \$
Revenue		
- service commissions	1,049,345	1,045,961
- dividends received	8,290	6,898
	<u>1,057,635</u>	<u>1,052,859</u>
Other revenue		
- interest received	12,722	8,644
	<u>12,722</u>	<u>8,644</u>
Total revenue	<u>1,070,357</u>	<u>1,061,503</u>

3. Expenses

Operating expenses

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

Borrowing costs

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

Depreciation

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

Notes to the Financial Statements continued

3. Expenses (continued)

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

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Buildings	2.5%	SL
Plant and equipment	30-67%	DV
Motor vehicles	25%	DV

Gains/losses upon disposal of non-current assets

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

	2017	2016
	\$	\$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	350,682	330,215
- superannuation costs	32,507	33,203
- other costs	30,100	62,617
	<u>413,289</u>	<u>426,035</u>
Depreciation and amortisation		
<i>Depreciation</i>		
- plant and equipment	6,659	4,401
- leasehold improvements	4,461	4,461
- motor vehicles	3,086	4,115
- buildings	4,192	4,192
	<u>18,398</u>	<u>17,169</u>
Amortisation		
- franchise fees	11,527	13,864
	<u>11,527</u>	<u>13,864</u>
Total depreciation and amortisation	<u>29,925</u>	<u>31,033</u>
Bad and doubtful debts expenses	378	570
Auditors' remuneration		
<i>Remuneration of the Auditor for:</i>		
- Audit or review of the financial report	4,480	4,550

Notes to the Financial Statements continued

4. Income tax

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

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

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

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

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

	2017 \$	2016 \$
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	58,529	84,267
Deferred tax expense / (income) relating to the origination and reversal of temporary differences	-	(480)
Deferred tax expense / (income) relating to revaluation	(4,754)	(7,230)
Under / (over) provision of prior years	1,565	269
	55,340	76,826

b. Prima facie tax payable

The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit / (loss) before income tax at 27.5% (2016: 28.5%)	55,034	85,205
Add tax effect of:		
- Change in tax rate from 30% to 28.5%	-	1,156
- Change in tax rate from 28.5% to 27.5%	7,047	-
- Franking credits on dividends received	(3,553)	(8,702)
- Under / (over) provision of prior years	1,565	269
- Asset revaluation	(4,754)	(7,230)
- Inter-entity eliminations	-	6,128
Income tax attributable to the entity	55,339	76,826

The applicable weighted average effective tax rate is	27.65%	25.70%
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c. Current tax liability

Current tax relates to the following:

Current tax liabilities / (assets)

Opening balance	24,627	27,419
Income tax paid	(89,089)	(87,328)
Current tax	58,529	84,267
Under / (over) provision prior years	-	269
	(5,933)	24,627

Notes to the Financial Statements continued

4. Income tax (continued)

	2017 \$	2016 \$
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Asset revaluations	-	456
Property, plant & equipment	(3,974)	(6,646)
Accruals	104	274
Employee provisions	10,017	10,645
Amortisation of franchise fee	21,814	19,322
	<u>27,961</u>	<u>24,051</u>
Deferred tax liabilities balance comprises:		
Asset revaluations - shares in listed companies	3,432	-
Asset revaluations - land and buildings	60,185	13,691
	<u>63,617</u>	<u>13,691</u>
Net deferred tax asset / (liability)	<u>(35,656)</u>	<u>10,360</u>

Notes to the Financial Statements continued

5. Cash and cash equivalents

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

	2017 \$	2016 \$
Bendigo Business Cash Management Cheque	27,195	26,880
Bendigo Overdraft Account	2,760	4,103
Community EFTPOS Account	383	364
Sandhurst Account	219,779	98,692
Sandhurst Account	38,212	5,960
	<u>288,329</u>	<u>135,999</u>

6. Trade and other receivables

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

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

	2017 \$	2016 \$
Current		
Trade receivables	94,056	102,986
	<u>94,056</u>	<u>102,986</u>

Credit risk

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

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

Notes to the Financial Statements continued

6. Trade and other receivables (continued)

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
	\$	\$	< 30 days	31-60 days	> 60 days	\$
	\$	\$	\$	\$	\$	\$
2017						
Trade receivables	94,056	94,056	-	-	-	-
Total	94,056	94,056	-	-	-	-
2016						
Trade receivables	102,986	102,986	-	-	-	-
Total	102,986	102,986	-	-	-	-

7. Financial assets

Classification of financial assets

The company classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,
- held to maturity investments, and
- available for sale assets.

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

Notes to the Financial Statements continued

7. Financial assets (continued)

Classification of financial assets (continued)

Held to maturity investments

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

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

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

Available for sale financial asset

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

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

Measurement of financial assets

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

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

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

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

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

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

Notes to the Financial Statements continued

7. Financial assets (continued)

Impairment of financial assets

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

Assets carried at amortised cost

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

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

Assets classified as available for sale

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

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

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

Derecognition

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

	2017 \$	2016 \$
<i>Held to maturity financial assets</i>		
Bendigo Term deposit	18,118	17,650
Bendigo Term deposit	121,928	89,554
Bendigo Term deposit	-	178,877
Bendigo Term deposit	154,598	91,458
Bendigo Term deposit	25,823	25,156
	<u>320,467</u>	<u>402,695</u>

Notes to the Financial Statements continued

7. Financial assets (continued)

	2017	2016
	\$	\$
<i>Available for sale financial assets</i>		
Shares in listed corporations at fair value	150,578	123,669
	<u>471,045</u>	<u>526,364</u>

8. Other assets

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

	2017	2016
	\$	\$
Initial set up costs	850	850
	<u>850</u>	<u>850</u>

9. Property, plant and equipment

Property

Freehold land and buildings are carried at their fair value, 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.

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.

A market appraisal of the company's land and buildings was provided by Trevor Booth, Director and Licensed Estate Agent of Ray White Ballarat, with effect to 30 June 2017. The directors have used this appraisal for the purpose of determining fair value of the company's land and buildings at 30 June 2017.

Plant and equipment

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

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

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

Notes to the Financial Statements continued

9. Property, plant and equipment (continued)

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

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

	2017 \$	2016 \$
<i>Land</i>		
At fair value - 2017	195,000	-
At fair value - 2014	-	160,000
	<u>195,000</u>	<u>160,000</u>
<i>Buildings</i>		
At fair value - 2017	455,000	-
At fair value - 2014	-	350,000
Less accumulated depreciation	-	(8,384)
	<u>455,000</u>	<u>341,616</u>
<i>Leasehold improvements</i>		
At cost	178,442	178,442
Less accumulated depreciation	(47,101)	(42,640)
	<u>131,341</u>	<u>135,802</u>
<i>Furniture & fittings</i>		
At cost	22,616	21,739
Less accumulated depreciation	(17,424)	(10,765)
	<u>5,192</u>	<u>10,974</u>
<i>Motor vehicles</i>		
At cost	20,806	20,806
Less accumulated depreciation	(11,547)	(8,461)
	<u>9,259</u>	<u>12,345</u>
Total property, plant and equipment	<u>795,792</u>	<u>500,737</u>

Movements in carrying amounts

<i>Land</i>		
Balance at the beginning of the reporting period	160,000	160,000
Revaluation	35,000	-
Balance at the end of the reporting period	<u>195,000</u>	<u>160,000</u>
<i>Buildings</i>		
Balance at the beginning of the reporting period	341,616	345,808
Revaluation	117,576	-
Depreciation expense	(4,192)	(4,192)
Balance at the end of the reporting period	<u>455,000</u>	<u>341,616</u>
<i>Leasehold improvements</i>		
Balance at the beginning of the reporting period	135,802	140,263
Depreciation expense	(4,461)	(4,461)
Balance at the end of the reporting period	<u>131,341</u>	<u>135,802</u>

Notes to the Financial Statements continued

9. Property, plant and equipment (continued)

	2017 \$	2016 \$
<i>Furniture & fittings</i>		
Balance at the beginning of the reporting period	10,974	4,095
Additions	877	11,280
Depreciation expense	(6,659)	(4,401)
Balance at the end of the reporting period	5,192	10,974
<i>Motor vehicles</i>		
Balance at the beginning of the reporting period	12,345	16,460
Depreciation expense	(3,086)	(4,115)
Balance at the end of the reporting period	9,259	12,345
Total property, plant and equipment		
Balance at the beginning of the reporting period	660,737	666,626
Revaluations	152,576	-
Additions	877	11,280
Depreciation expense	(18,398)	(17,169)
Balance at the end of the reporting period	795,792	660,737

10. Intangible assets

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

	2017 \$	2016 \$
<i>Franchise fee</i>		
At cost	69,322	69,322
Less accumulated amortisation	(69,322)	(57,795)
Total intangible assets	-	11,527
Movements in carrying amounts		
<i>Franchise fee</i>		
Balance at the beginning of the reporting period	11,527	25,390
Amortisation expense	(11,527)	(13,863)
Balance at the end of the reporting period	-	11,527
Total intangible assets		
Balance at the beginning of the reporting period	11,527	25,390
Amortisation expense	(11,527)	(13,863)
Balance at the end of the reporting period	-	11,527

Notes to the Financial Statements continued

11. Trade and other payables

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

	2017 \$	2016 \$
Current		
<i>Unsecured liabilities:</i>		
Trade creditors	30,625	22,563
Other creditors and accruals	37,372	41,215
	<u>67,997</u>	<u>63,778</u>

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

12. Financial liabilities

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

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

13. Provisions

Short-term employee benefits

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

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

Other long-term employee benefits

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

Notes to the Financial Statements continued

13. Provisions (continued)

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

	2017 \$	2016 \$
Current		
Employee benefits	15,637	18,623
Non-current		
Employee benefits	20,790	18,727
Total provisions	36,427	37,350

14. Share capital

Ordinary shares are classified as equity.

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

	2017 \$	2016 \$
676,459 Ordinary shares fully paid	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 company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

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

Notes to the Financial Statements continued

14. Share capital (continued)

Capital management (continued)

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

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

15. Retained earnings / (Accumulated losses)

	2017	2016
	\$	\$
Balance at the beginning of the reporting period	671,958	514,081
Profit/(loss) after income tax	144,784	222,141
Dividends paid	(70,976)	(64,264)
Balance at the end of the reporting period	<u>745,766</u>	<u>671,958</u>

16. Dividends paid or provided for on ordinary shares

	2017	2016
	\$	\$
Dividends paid or provided for during the year		
Interim and/or final fully franked ordinary dividend of 10.50 cents per share (2016: 9.5) franked at the tax rate of 27.5% (2016: 28.5%).	70,976	64,264

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

17. Reserves

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

	2017	2016
	\$	\$
<i>Asset revaluation reserve</i>		
Balance at the beginning of the reporting period	32,746	54,524
Fair value movements during the period	119,049	(21,778)
Balance at the end of the reporting period	<u>151,795</u>	<u>32,746</u>

18. Earnings per share

Basic earnings per share

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

	2017	2016
	\$	\$
Basic earnings per share (cents)	21.40	32.84
Earnings used in calculating basic earnings per share	144,784	222,141
Weighted average number of ordinary shares used in calculating basic earnings per share.	676,459	676,459

Notes to the Financial Statements continued

19. Statement of cash flows

	2017 \$	2016 \$
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	288,329	135,999
Other financial assets (Note 7)	320,467	402,695
As per the Statement of Cash Flow	<u>608,796</u>	<u>538,694</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	144,784	222,141
Non-cash flows in profit		
- Depreciation	18,398	17,169
- Amortisation	11,527	13,864
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	8,930	(9,789)
- (increase) / decrease other receivables	-	240
- (Increase) / decrease in deferred tax asset	(5,194)	(937)
- Increase / (decrease) in deferred tax liabilities	440	(6,775)
- Increase / (decrease) in under provisions	1,565	-
- Increase / (decrease) in trade and other payables	4,219	1,279
- Increase / (decrease) in current tax liability	(30,559)	(2,792)
- Increase / (decrease) in provisions	(923)	11,484
Net cash flows from / (used in) operating activities	<u>153,187</u>	<u>245,884</u>

(c) Credit standby arrangement and loan facilities

There is no standby arrangement or loan facility in place.

20. Key management personnel and related party disclosures

(a) Key management personnel

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

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated cost of providing the company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Notes to the Financial Statements continued

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

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(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:

	2017	2016
Graeme Mitchell	13,501	13,501
Michael Daunt	4,800	4,800
Bob Orr	18,301	18,301
Bernie Charleson	14,001	14,001
Janine Booth	4,501	4,501
Marcus Walsh	501	501
Quentin Turner	500	500
Michael Beaumont	11,500	9,500
Timothy Hayes	1,000	1,000
Jeff Unmack	10,000	10,000
Joanne Bott	200	-
Daryl Clifton	1,000	-
	<u>79,805</u>	<u>76,605</u>

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

(e) Other key management transactions

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

Notes to the Financial Statements continued

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 contingent assets

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

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 and Adelaide Bank Limited who account for 100% of the revenue (2016: 100%).

24. Commitments

At 30 June 2017 the company does not have any commitments that are not recognised in the financial statements (2016: Nil).

25. Company details

The registered office is:

21 Armstrong Street North
Ballarat

The principal place of business is:

1 Raglan Street
Creswick

Notes to the Financial Statements continued

25. Fair value measurements

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

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

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

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. 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.

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

- freehold land and buildings
- shares in listed companies

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

(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:

<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
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.

Notes to the Financial Statements continued

25. Fair value measurements (continued)

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 2017				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
<i>Non-financial assets</i>				
Freehold land and buildings	-	650,000	-	650,000
Shares in listed companies	150,578	-	-	150,578
Total non-financial assets recognised at fair value on a recurring basis	150,578	650,000	-	800,578
30 June 2016				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements				
<i>Non-financial assets</i>				
Freehold land and buildings	-	510,000	-	510,000
Shares in listed companies	123,669	-	-	123,669
Total non-financial assets recognised at fair value on a recurring basis	123,669	510,000	-	633,669

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2016: no transfers).

Notes to the Financial Statements continued

25. Fair value measurements (continued)

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

A market appraisal of the company's land and buildings was provided by Trevor Booth, Director and Licensed Estate Agent of Ray White Ballarat, with effect to 30 June 2017. The directors have used this appraisal for the purpose of determining fair value of the company's land and buildings at 30 June 2017.

Notes to the Financial Statements continued

26. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. 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 and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

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

	Note	# 2017 \$	# 2016 \$
Financial assets			
Cash and cash equivalents	5	288,329	135,999
Trade and other receivables	6	94,056	102,986
Financial assets	7	471,045	526,364
Total financial assets		853,430	765,349
Financial liabilities			
Trade and other payables	11	67,997	63,778
Total financial liabilities		67,997	63,778

(a) Credit risk

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

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

Credit risk exposures

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

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

Notes to the Financial Statements continued

26. Financial risk management (continued)

(a) Credit risk (continued)

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

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

(b) Liquidity risk

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

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

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

Financial liability and financial asset maturity analysis:

30 June 2017	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets				
Cash and cash equivalents	288,329	288,329	-	-
Trade and other receivables	94,056	94,056	-	-
Financial assets	<u>471,045</u>	<u>471,045</u>	<u>-</u>	<u>-</u>
Total anticipated inflows	853,430	853,430	-	-
Financial liabilities				
Trade and other payables	<u>67,997</u>	<u>67,997</u>	<u>-</u>	<u>-</u>
Total expected outflows	67,997	67,997	-	-
Net inflow / (outflow) on financial instruments	<u>785,433</u>	<u>785,433</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements continued

26. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2016	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets				
Cash and cash equivalents	135,999	135,999	-	-
Trade and other receivables	102,986	102,986	-	-
Financial assets	526,364	526,364	-	-
Total anticipated inflows	765,349	765,349	-	-
Financial liabilities				
Trade and other payables	63,778	63,778	-	-
Total expected outflows	63,778	63,778	-	-
Net inflow / (outflow) on financial instruments	701,571	701,571	-	-

(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.

Year ended 30 June 2017	Profit \$	Equity \$
+/- 1% in interest rates (interest income)	6,088	6,088
+/- 1% in interest rates (interest expense)	-	-
	6,088	6,088

Notes to the financial statements continued

26. Financial risk management (continued)

(c) Market risk (continued)

Year ended 30 June 2016

+/- 1% in interest rates (interest income)	5,387	5,387
+/- 1% in interest rates (interest expense)	-	-
	<u>5,387</u>	<u>5,387</u>

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

Fair value estimation

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

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

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair Value
	\$	\$	\$	\$
Financial assets				
Cash and cash equivalents (i)	288,329	288,329	135,999	135,999
Trade and other receivables (i)	94,056	94,056	102,986	102,986
Financial assets	457,147	471,045	526,364	526,364
Total financial assets	<u>839,532</u>	<u>853,430</u>	<u>765,349</u>	<u>765,349</u>
Financial liabilities				
Trade and other payables (i)	67,997	67,997	63,778	63,778
Total financial liabilities	<u>67,997</u>	<u>67,997</u>	<u>63,778</u>	<u>63,778</u>

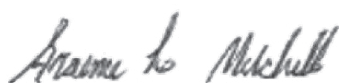
(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

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 7 to 39 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, which constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2017 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



Graeme Mitchell

Director

Signed at Creswick on 29 August 2017.

Independent Audit Report



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Independent Auditor's Report

To the Directors of Creswick & District Financial Services Ltd

Opinion

We have audited the financial report of Creswick & District Financial Services Ltd (the Company), which comprises the statement of financial position as at 30 June 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2017 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Responsibilities of Directors for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Independent Audit Report continued



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Independent Auditor's Report

To the Directors of Creswick & District Financial Services Ltd

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PPT Audit Pty Ltd

PPT Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'JH', written over a circular stamp or seal.

Jason Hargreaves
Director

Signed at Ballarat, 30th August 2017

Bendigo Adelaide Bank Report

For year ending 30 June 2017

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

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

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

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

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

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

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

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

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

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

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

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



Robert Musgrove
Executive Engagement Innovation

Annual Report <Company Community Financial Services Limited>

[illegible]



Celebrating 10 years in OUR Community.



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David Matthews the 1st ever Community Bank Chairman, Graeme Mitchell and Piggy celebrating our Birthday.

Creswick & District
Community Bank® Branch

