Annual Report 2019

Creswick & District Financial Services Limited

Creswick & District
Community Bank® Branch

ABN 14 119 315 258

Contents

Chairman's Report

For the year ended 30 June 2019

I am pleased to report another profitable year for the Creswick & District Community Bank providing exceptional value to our shareholders, exceptional service to our customers and exceptional support to our Community.

During the year, the Creswick & District Community Bank continued to play a circuital role within the local community.

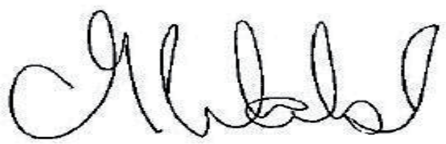
During the 2018/19 year the community bank has distributed in excess of $195,000.00 to over 30 community organisations. Every organisation plays an important role in the well being and fabric of our community. It's thanks to our loyal customers and the continuing growth of the business we are able to continue to make such a large injection into our community.

Our board of volunteers has worked tirelessly over the past 12 months to ensure they not only bring value to our shareholders, but also ensure our business continues to grow to ensure we continue to support our community.

I would like to thank the Creswick & District Community Bank Company Board of Directors. Our Board members give their time willingly for the benefit of the company. As our company has grown, so has the responsibility of the Board in ensuring that due diligence is followed. The challenges faced in running a community company are increasing, however I am confident that our board has the resolve and dedication to ensure that our company continues to provide for our community well into the future.

I put the challenge to all our shareholders to take the time to help us grow our business. If every single one of our shareholders referred one customer to our branch staff, imagine the growth to our business and to your investment and ultimately, the benefit to our community with a greater pool of funds to distribute to community groups and projects. Our wonderful branch staff are ready to act on your referrals. I thank all our shareholders for their ongoing business and support. Partnering with Bendigo Bank, we're proud of the contribution we make to what is one of Australia's most trusted brands. Our Community bank model has been held up as an example of a great way of doing business. We continue to work closely with our partner, Bendigo and Adelaide Bank on ways to improve the customer experience. Your Board of Directors continue to have robust discussions with Bendigo Bank to ensure the best outcomes for all.

The Board recognise the tireless dedication of our staff who are committed to the growth and maintenance of our customer base. We regularly receive positive feedback with regard to staff performance and customer relations. We're very proud of the team and the community spirit which is evident with all staff at the branch. I sincerely thank the continued loyal contribution our wonderful staff.



Marcus Walsh
Chairman

Branch Manager's Report

For the year ended 30 June 2019

Results achieved by the Creswick & District Community Bank for the 2018/2019 financial year continue to confirm that the relationships with our customers and communities are both successful and sustainable. We continue to remain a real alternative to the major banks and we are taking every opportunity to capitalise on our community approach to banking and the current uncertainty within some areas of the banking sector.

Whilst the move to digital banking continues at a significant pace and we have committed to making online banking services one of our major priorities, we also remain committed to those customers who want to continue the tradition of coming into the Branch for a more personal approach to their banking needs and enquiries. This personal service will always remain a point of difference for community based banks.

We continue to search for innovative approaches to assist our customers and this is most recently shown by the Bank's acquisition of a coin counting and sorting machine. This machine is proving very popular and is further evidence of our continued approach to supplying personal banking services from within the Bank's Branches.

The Creswick and District Community Bank recently welcomed a new team member, Michelle Male, as our Customer Relations Manager. Michelle is able to assist the Bank and customers with home and personal loans, overdrafts, equipment finance, credit card lending, insurance and various other banking products. Michelle comes to us with several years experience with the Bendigo Adelaide Bank, having worked at the Maryborough and Ballarat Central Branches.

If the opportunity arises, and in our quest to further increase and develop business, it would be great if all shareholders could take some time to promote the bank and refer new clients. New accounts and customers create the opportunity for increased income which in turn allows us to fund more community projects and endeavours and to continue the payment of dividends.

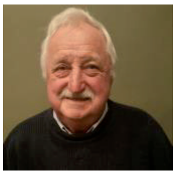
Many thanks for your ongoing support.

Ian Flynn
Branch Manager

Connecting with the Community

Marcus Walsh
Marcus has been involved in various roles within the building industry. He is currently a Contracts Manager for a local Project Management Company.

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

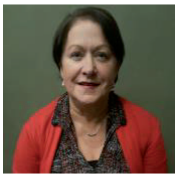


Graeme Mitchell
Graeme is a local resident of Creswick and has operated his own retail business. He has been a driving force behind establishing our Community Bank.

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.

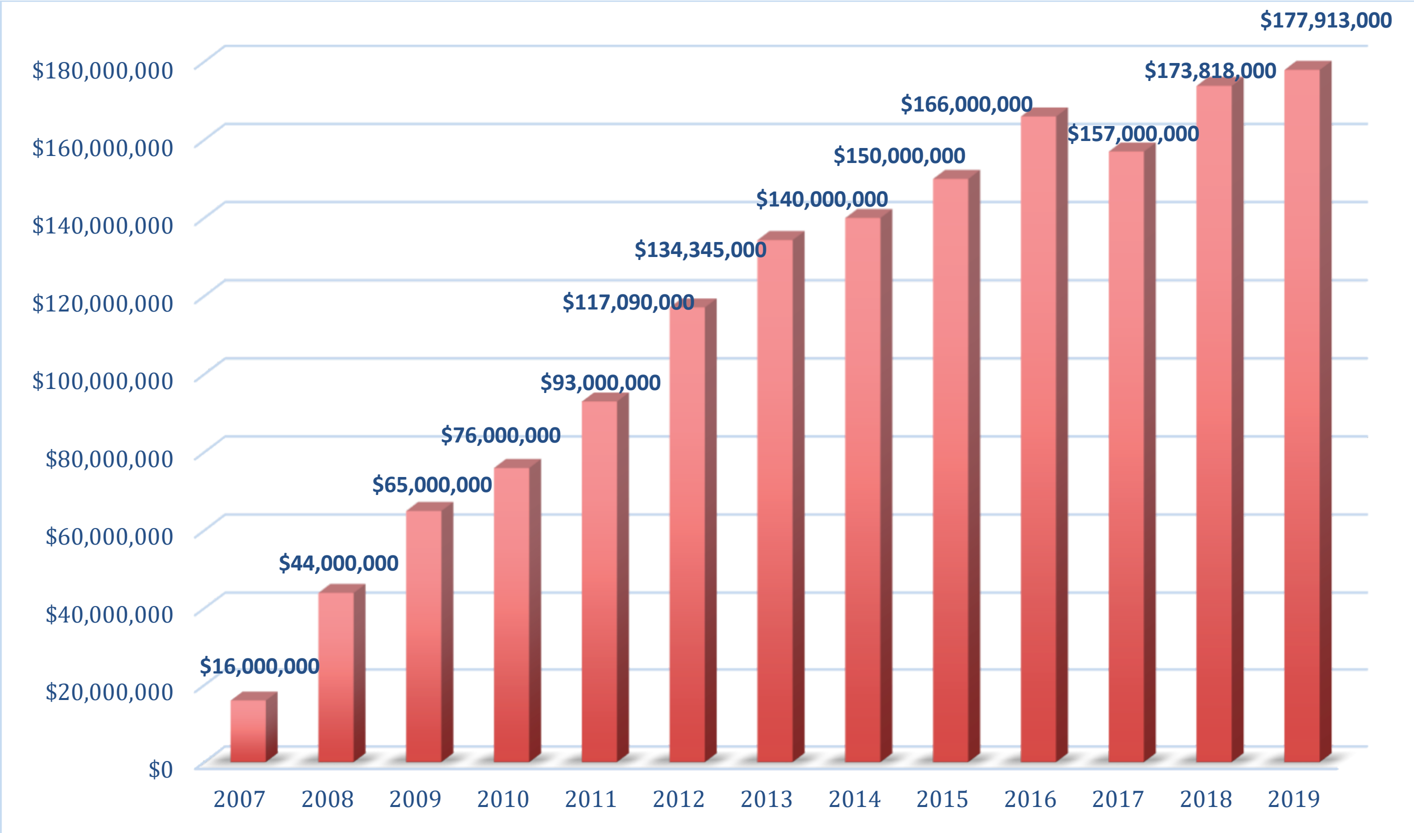
Bernie Charleson
Bernie has been a resident of Kingston all his life and is currently a member of the Kingston CFA.

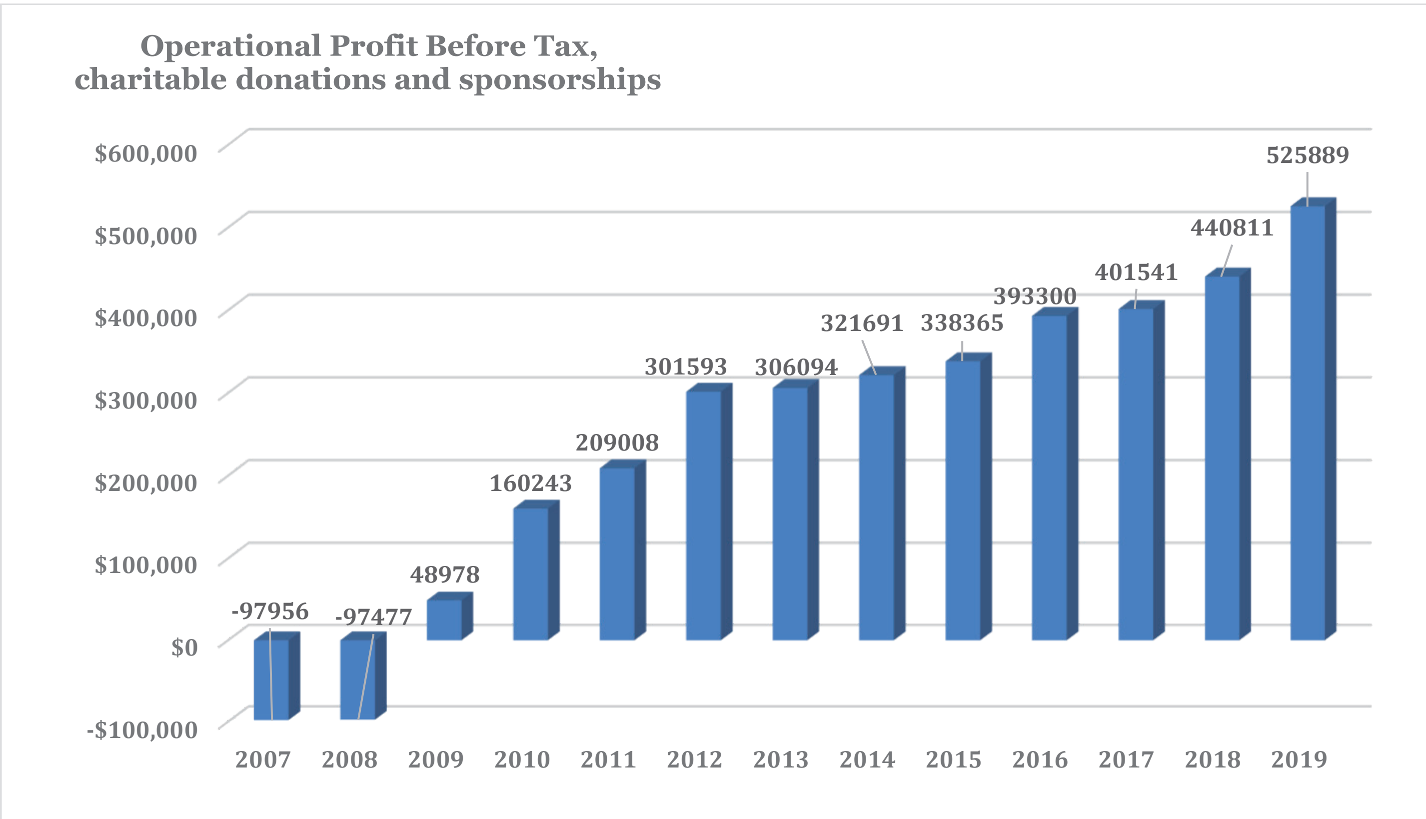
Michael Beaumont
Michael has been involved in the retail and wholesale meat business for over 35 years. Mike is a Justice of the Peace.

Jeff Unmack
As owner of the Creswick Pharmacy Jeff is a long long-time supporter Community Groups. In 2019 Jeff purchased the Clunes Pharmacy and LPO.

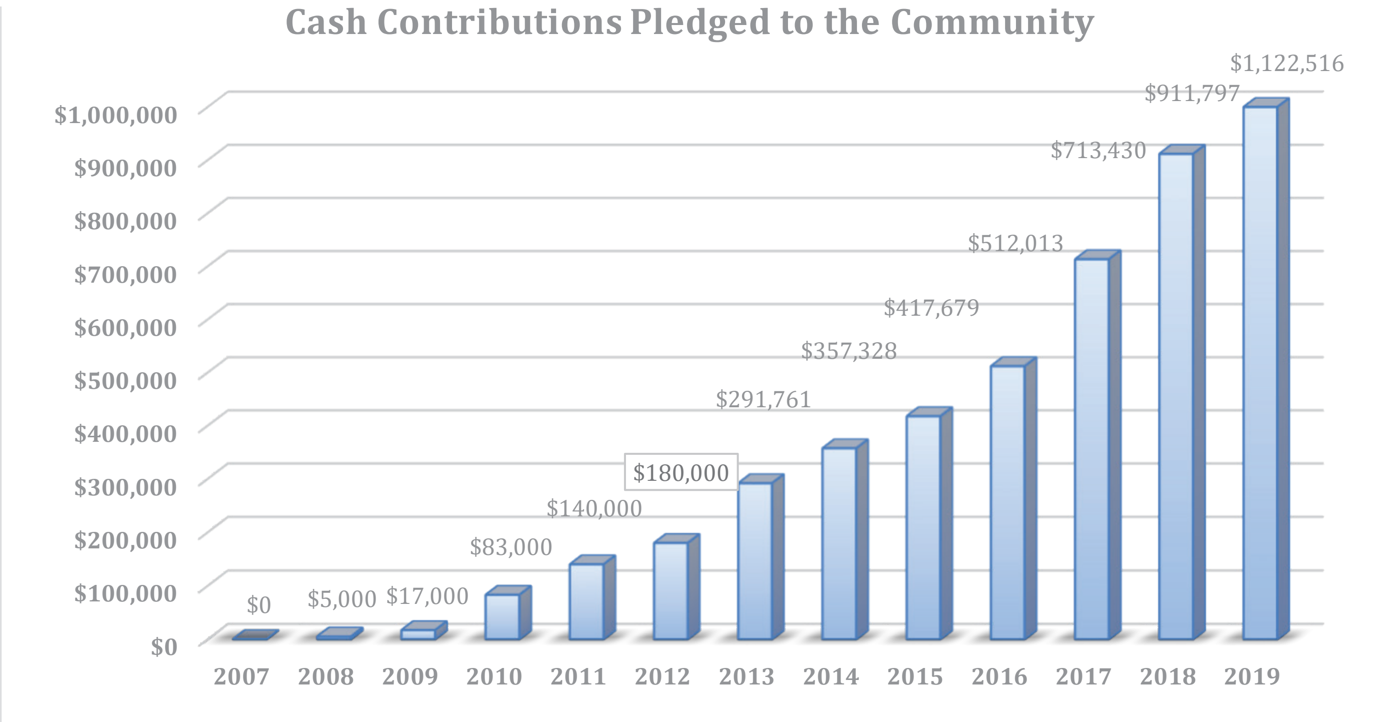
Tim Hayes
Tim is a former senior local government officer with 30 years experience. He is the Secretary of the Creative Clunes Public Fund.

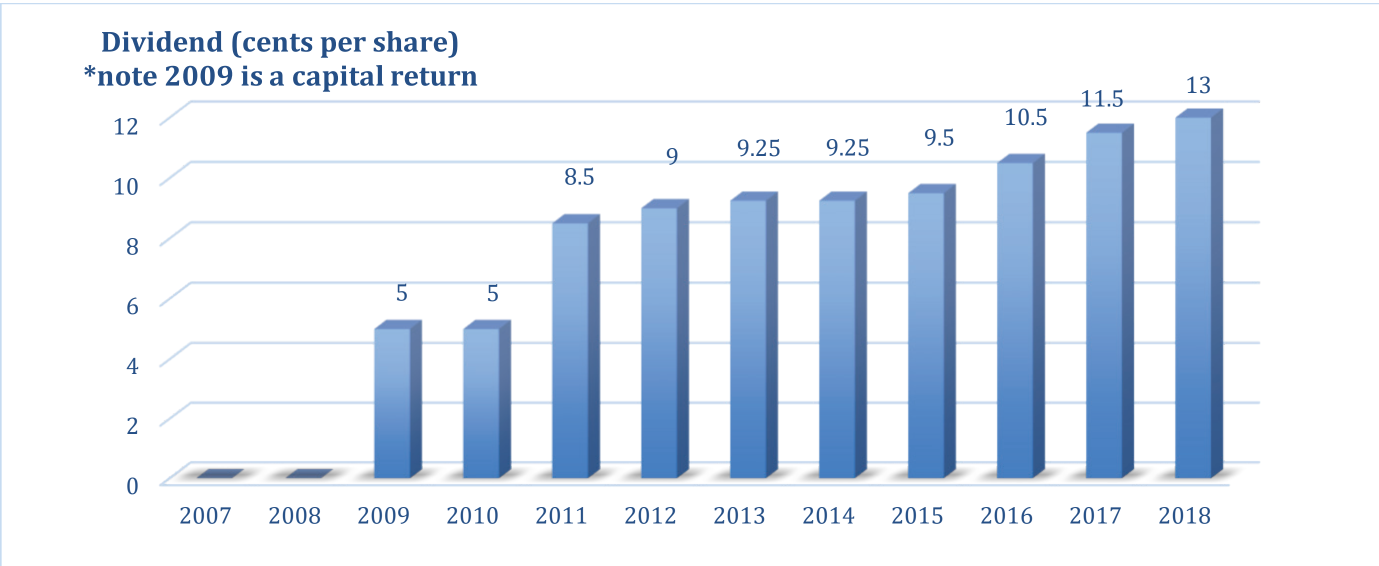
Performance at a glance

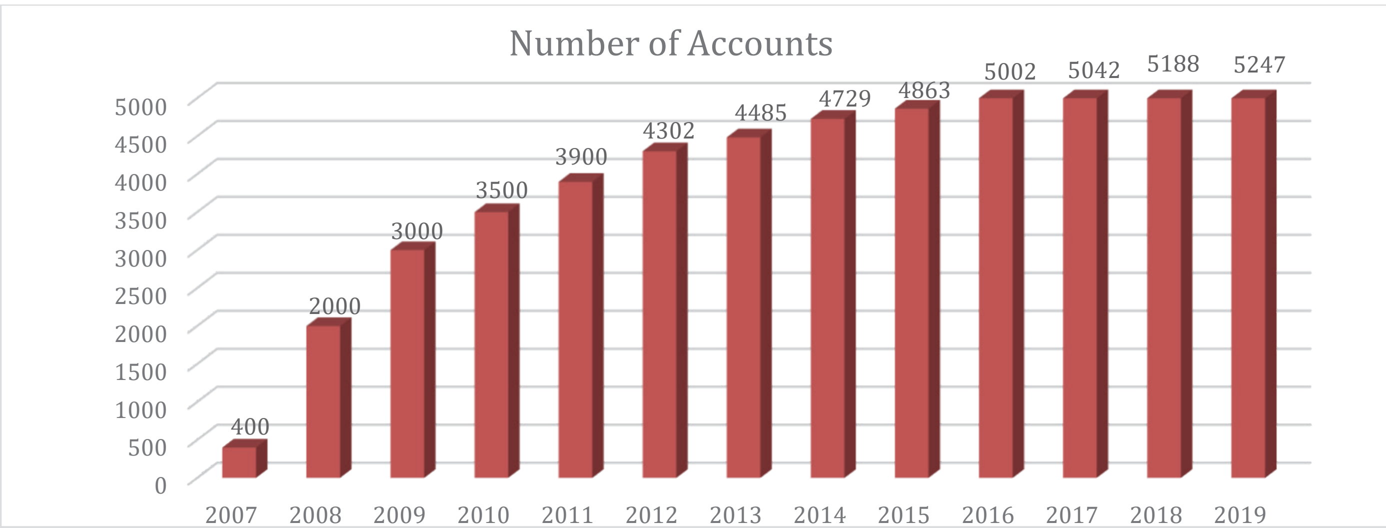




Performance at a glance







Community Contributions

District Financial Services over the 2018/19 Financial Year.

1st Creswick Scout Group

Kingston Friends of the Avenue

Pavilion Arts & Sustainability

Rockylead Landcare Group

Creswick Garden Club

Creswick Bowling Club

Creswick Cemetery Trust

Clunes Football Netball Club

Creswick Soccer Club

Doug Lindsay Recreation Reserve

Creswick Imperials Cricket Club

Kingston Agricultural Society

Clunes Agricultural Society

Clunes Tourist & Development Association

Creswick Neighbourhood Centre

Creative Clunes

Fred Icke Road Race

The Brackenbury Classic 2019

Creswick Brass Band

Anderson's Mill Heritage Weekend

Creswick & District Hospital Auxiliary

Business & Tourism Creswick

Creswick Hospital

Creswick Adult Exercise Equipment at the Creswick Splash Park

John Curtin Aged Care

Clunes Golf Club

Creswick Historical Society

Director’s Report

The Directors present their report of the company for the financial year ended 30 June 2019.

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:

Marcus Walsh	**Chairman**
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.
Board member since	2005. Appointed Chairman 31 October 2017.

Daryl Clifton	**Company Secretary**
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	April 2017 - Appointed Company Secretary 31 October 2017

Janine Booth	**Treasurer**
Experience and expertise	Councillor Creswick Shire Council 1992-1996 & Hepburn Shire Council 2005 - 2012 including Mayor 2010. Over 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

Graeme Mitchell	**Director**
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 from 2005 - 2017

Michael Daunt	**Director**
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 over 30 years. Chairman of the Audit Committee.
Board member since	2008, Company Secretary from 2009 - 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 is a Board member of John Curtin Aged Care and is active in other local organisations. 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 Sponsorship & Grants Committee.
Board member since	2005

Director's Report cont ..

Quentin Turner AFSM	Director
Experience and expertise	Grad Dip Business Admin, Associate Fellow of the Australian Institute of Management. Former 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. Michael is the Chairperson of the Business Development Committee.
Board member since	2010

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 over 30 years and has owned and operated the Creswick Pharmacy for over 17 years. Jeff has recently purchased the Clunes Pharmacy and LPO and remains active in both the Creswick and Clunes communities.
Board member since	2015

Joanne Bott	Retired 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.
Retired	26th March 2019

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

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit Committee meetings	
Director	**A**	**B**	**A**	**B**
Marcus Walsh	12	12	4	4
Daryl Clifton	12	12	3	3
Michael Daunt	12	6	4	3
Bernie Charleson	12	8	N/A	N/A
Janine Booth	12	9	4	3
Graeme Mitchell	12	7	N/A	N/A
Quentin Turner	12	12	N/A	N/A
Bob Orr	12	12	4	4
Timothy Hayes	12	12	N/A	N/A
Jeff Unmack	12	10	N/A	N/A
Joanne Bott	10	0	N/A	N/A
Michael Beaumont	12	10	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

Daryl Clifton was appointed Company Secretary in October 2017. 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 $226,922 (2018 profit: $193,907), which is a 17% increase as compared with the previous year.

On 3rd March 2019 our Clunes Agency was impacted by an incident that is now in the hands of the Police. This incident has affected our income and expenses as the Clunes Agency and ATM have not been able to operate since that time. We are investigating whether we can re-coup some of these losses through our Business Insurance.

Dividends

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

A fully franked final dividend of 13 cents per share was declared and paid during the year for the year ended 30 June 2019.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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.

Director’s Report cont ..

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

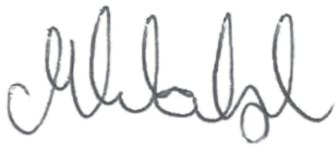
A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out at page 6 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

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 2018	Net change in holdings	Balance at 30 June 2019
Directors			
Marcus Walsh	501	-	501
Daryl Clifton	1,000	-	1,000
Michael Daunt	4,800	-	4,800
Bernie Charleson	14,001	-	14,001
Janine Booth	5,001		5,001
Graeme Mitchell	13,501	-	13,501
Quentin Turner	500	-	500
Bob Orr	18,301	-	18,301
Timothy Hayes	1,000	500	1,500
Jeff Unmack	10,000		10,000
Michael Beaumont	16,500	500	17,000

Signed in accordance with a resolution of the Board of Directors at Creswick on 27 August 2019.



Marcus Walsh
Chairman

Auditor Independent Declaration

PPT
AUDIT

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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 2019 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

Jason D. Hargreaves
Director

Signed at Ballarat, 26th August 2019

Financial Statements

Statement of Profit or Loss and other Comprehensive Income
For the year ending 30 June 2019

	Note	2019 $	2018 $
Revenue	2	1,163,386	1,114,152
Expenses			
Employee benefits expense	3	395,127	415,457
Depreciation and amortisation	3	10,602	13,506
Bad and doubtful debts expense	3	52	371
Administration and general costs		68,786	103,640
Occupancy expenses		55,114	46,301
IT expenses		26,167	23,813
Agent commission		28,342	33,044
Advertising and marketing		16,483	10,840
Other expenses		36,824	26,369
		637,497	673,341
Operating profit / (loss) before charitable donations and sponsorships		**525,889**	**440,811**
Charitable donations and sponsorships		210,719	175,058
Profit / (loss) before income tax		**315,170**	**265,753**
Income tax expense / (benefit)	4	88,248	71,846
Profit/(loss) for the year		**226,922**	**193,907**
Revaluation of assets		9,403	(1,243)
Total comprehensive income for the year		**236,325**	**192,664**
Profit / (loss) attributable to members of the company		236,325	192,664
Total comprehensive income attributable to members of the company		**236,325**	**192,664**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	17	29.75	28.67

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

Statement of Financial Position
For the year ending 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	5	418,822	380,662
Trade and other receivables	6	105,069	98,223
Financial assets	7	649,636	565,449
Other assets	8	850	850
Total current assets		**1,174,377**	**1,045,184**
Non-current assets			
Property, plant and equipment	9	779,854	775,862
Total non-current assets		**779,854**	**775,862**
Total assets		**1,954,231**	**1,821,046**
Liabilities			
Current liabilities			
Trade and other payables	10	63,988	88,053
Current tax liability	4	27,416	27,161
Provisions	12	15,191	15,763
Total current liabilities		**106,595**	**130,977**
Non-current liabilities			
Provisions	12	29,040	25,559
Deferred tax liability	4	39,321	33,714
Total non-current liabilities		**68,361**	**59,273**
Total liabilities		**174,956**	**190,250**
Net assets		**1,779,275**	**1,630,796**
Equity			
Issued capital	13	618,364	618,364
Retained earnings	14	1,000,956	861,880
Reserves	16	159,955	150,552
Total equity		**1,779,275**	**1,630,796**

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

Statement of Changes in Equity
For the year ending 30 June 2019

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2017		618,364	745,766	151,795	1,515,925
Profit / (Loss) for the year		-	193,907	-	193,907
Other comprehensive income for the year		-	-	(1,243)	(1,243)
Total comprehensive income for the year		**-**	**193,907**	**(1,243)**	**192,664**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	15	-	(77,793)	-	(77,793)
Balance at 30 June 2018		**618,364**	**861,880**	**150,552**	**1,630,796**
Balance at 1 July 2018		618,364	861,880	150,552	1,630,796
Profit / (Loss) for the year		-	226,922	-	226,922
Other comprehensive income for the year		-	-	9,403	9,403
Total comprehensive income for the year		**-**	**226,922**	**9,403**	**236,325**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	15	-	(87,846)	-	(87,846)
Balance at 30 June 2019		**618,364**	**1,000,956**	**159,955**	**1,779,275**

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

Statement of Cash Flows
For the year ending 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		1,127,028	1,084,680
Payments to suppliers and employees		(858,769)	(810,411)
Dividends received		11,781	8,948
Interest received		17,732	11,952
Income tax paid		(85,951)	(40,224)
Net cash provided by / (used in) operating activities	18b	**211,821**	**254,945**
Cash flows from investing activities			
Purchase of property, plant and equipment		(14,594)	(990)
Purchase of shares in Bendigo Bank		(10,694)	(38,949)
Proceeds from property, plant and equipment		-	11,818
Net cash flows provided by / (used in) investing activities		**(25,288)**	**(28,121)**
Cash flows from financing activities			
Dividends paid		(87,846)	(77,793)
Net cash provided by / (used in) financing activities		**(87,846)**	**(77,793)**
Net increase / (decrease) in cash held		**98,687**	**149,031**
Cash and cash equivalents at beginning of financial year		757,827	608,796
Cash and cash equivalents at end of financial year	18a	**856,514**	**757,827**

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

Notes to the Financial Statements

This financial report covers Creswick and District Financial Services Limited as an individual entity.

The functional and presentation currency of Creswick and District Financial Services Limited is Australian dollars.

The financial report was authorised for issue by the Board on 27 August 2019.

Comparatives are consistent with prior years, unless otherwise stated.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

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

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

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

1. Summary of significant accounting policies (continued)

(b) 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

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 Financial Instruments for the first time in the current year with a date of initial adoption of 1 July 2018.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 7 Financial Instruments: Disclosures requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year.

The key changes to the Company's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively.

Classification of financial assets

The financial assets of the Company have been reclassified into the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and it contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through other comprehensive income - equity instruments (FVOCI - equity)

There were no changes to carrying amounts as a result of adoption of AASB 9.

1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements (continued)

Income tax

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

Impairment

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

(g) New accounting standards for application in future periods

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

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

(i) 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.

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).

	2019 $	2018 $
Revenue		
- service commissions	1,133,874	1,088,847
	1,133,874	1,088,847
Other revenue		
- Profit on sale of assets	-	4,405
- dividends received	11,781	8,948
- interest received	17,731	11,952
	29,512	25,305
Total revenue	**1,163,386**	**1,114,152**

3. Expenses

Operating expenses
Operating expenses are recognised in profit or loss on an accurals 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.

3. Expenses (continued)

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

Class of asset	*Rate*	*Method*
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.

	2019 $	2018 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	314,285	336,874
- superannuation costs	36,489	38,228
- other costs	44,353	40,355
	395,127	415,457
Depreciation and amortisation		
Depreciation		
- plant and equipment	1,599	3,008
- leasehold improvements	4,461	4,461
- motor vehicles	-	1,845
- buildings	4,192	4,192
- building improvements	350	-
	10,602	13,506
Total depreciation and amortisation	10,602	13,506
Bad and doubtful debts expenses	52	371
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	4,915	4,850

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.

4. Income tax (continued)

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.

	2019 $	2018 $
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	85,700	73,317
Deferred tax expense / (income) relating to revaluation	(1,208)	(1,471)
Under / (over) provision of prior years	3,756	-
	88,248	**71,846**
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%	83,558	73,082
Add tax effect of:		
- Franking credits on dividends received	(5,045)	(3,835)
- Under / (over) provision of prior years	3,756	-
- Asset revaluation	3,567	810
- Non-deductible transactions	1,478	975
- Difference in tax rates between parent and subsidiary	934	814
Income tax attributable to the entity	**88,248**	**71,846**
The applicable weighted average effective tax rate is	28.00%	27.65%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	27,161	(5,933)
Income tax paid	(85,445)	(40,223)
Current tax	85,700	73,317
Under / (over) provision prior years	-	-
	27,416	**27,161**
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Accruals	973	38
Employee provisions	12,164	11,364
Amortisation of franchise fee	21,814	21,814
	34,951	**33,216**
Deferred tax liabilities balance comprises:		
Property, plant & equipment	7,120	3,344
Asset revaluations - shares in listed companies	6,967	3,401
Asset revaluations - land and buildings	60,185	60,185
	74,272	66,930
Net deferred tax asset / (liability)	**(39,321)**	**(33,714)**

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.

	2019 $	2018 $
Bendigo Business Cash Management Cheque	31,689	22,823
Bendigo Overdraft Account	5,374	6,017
CMC Markets Stockbroking Account	466	465
Community EFTPOS Account	416	476
Sandhurst Account	41,453	44,748
Sandhurst Account	31,171	63,589
Sandhurst Account	308,253	242,544
	418,822	**380,662**

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.

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate provision for doubtful debt account with the loss being recognised in profit and loss. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

	2019 $	2018 $
Current		
Trade receivables	105,069	98,223
	105,069	**98,223**

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.

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 < 30 days	Past due but not impaired 31-60 days	Past due but not impaired > 60 days	Past due and impaired
2019	$	$	$	$	$	$
Trade receivables	105,069	105,069	-	-	-	-
Total	**105,069**	**105,069**	**-**	**-**	**-**	**-**
2018						
Trade receivables	98,223	98,223	-	-	-	-
Total	**98,223**	**98,223**	**-**	**-**	**-**	**-**

7. **Financial assets**

For comparative year

Classification of financial assets

The company classifies its financial assets in the following categories:

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

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

Financial assets at fair value through profit or loss

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

Loans and receivables

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

7. Financial assets (continued)

Classification of financial assets (continued)

Held to maturity investments

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

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

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

Available for sale financial asset

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

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

Measurement of financial assets

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

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

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

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

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

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

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.

For current year

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

7. Financial assets (continued)

Financial assets
All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost
Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income
The Company has an investment in listed entity over which are they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

This investment is carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Impairment of financial assets
Impairment of financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

	2019	**2018**
	$	**$**
Financial assets - at amortised cost (2018 - held to maturity)		
Bendigo Term deposit	19,011	18,574
Bendigo Term deposit	129,313	125,092
Bendigo Term deposit	186,212	182,026
Bendigo Term deposit	52,683	51,473
Bendigo Term deposit	50,473	-
	437,692	377,165

7. Financial assets (continued)

	2019	2018
	$	$
Financial assets - FVOCI (2018 - available for sale)		
Shares in listed corporations at fair value	211,944	188,284
	649,636	565,449

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.

	2019	2018
	$	$
Initial set up costs	850	850
	850	**850**

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.

Plant and equipment

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

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

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

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.

	2019 $	2018 $
Land		
At fair value - 2017	195,000	195,000
Buildings		
At fair value - 2017	455,000	455,000
Less accumulated depreciation	(8,384)	(4,192)
	446,616	450,808
Building improvements		
At cost	12,273	-
Less accumulated depreciation	(349)	-
	11,924	-
Leasehold improvements		
At cost	178,442	178,442
Less accumulated depreciation	(56,023)	(51,562)
	122,419	126,880
Furniture & fittings		
At cost	20,707	23,607
Less accumulated depreciation	(16,812)	(20,433)
	3,895	3,174
Total property, plant and equipment	**779,854**	**775,862**

Movements in carrying amounts	**2019** **$**	**2018** **$**
Land		
Balance at the beginning of the reporting period	195,000	195,000
Revaluation	-	-
Balance at the end of the reporting period	195,000	195,000
Buildings		
Balance at the beginning of the reporting period	450,808	455,000
Revaluation	-	-
Depreciation expense	(4,192)	(4,192)
Balance at the end of the reporting period	446,616	450,808
Building improvements		
Balance at the beginning of the reporting period	-	-
Additions	12,273	
Depreciation expense	(349)	-
Balance at the end of the reporting period	11,924	-

9. Property, plant and equipment (continued)

	2019 $	2018 $
Leasehold improvements		
Balance at the beginning of the reporting period	126,880	131,341
Depreciation expense	(4,461)	(4,461)
Balance at the end of the reporting period	122,419	126,880
Furniture & fittings		
Balance at the beginning of the reporting period	3,174	5,192
Additions	2,321	990
Depreciation expense	(1,600)	(3,008)
Balance at the end of the reporting period	3,895	3,174
Motor vehicles		
Balance at the beginning of the reporting period	-	9,259
Disposals	-	(7,414)
Depreciation expense	-	(1,845)
Balance at the end of the reporting period	-	-
Total property, plant and equipment		
Balance at the beginning of the reporting period	775,862	664,451
Revaluations	-	-
Additions	14,594	990
Disposals	-	(7,414)
Depreciation expense	(10,602)	(9,045)
Balance at the end of the reporting period	**779,854**	**648,982**

10. 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.

	2019 $	2018 $
Current		
Unsecured liabilities:		
Trade creditors	33,560	59,180
Other creditors and accruals	30,428	28,873
	63,988	**88,053**

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

11. 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.

12. 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.

12. 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.

	2019 $	2018 $
Current		
Employee benefits	15,191	15,763
Non-current		
Employee benefits	29,040	25,559
Total provisions	**44,231**	**41,322**

13. 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.

	2019 $	2018 $
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%.

13. 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.

14. Retained earnings / (Accumulated losses)

	2019 $	2018 $
Balance at the beginning of the reporting period	861,880	745,766
Profit/(loss) after income tax	226,922	193,907
Dividends paid	(87,940)	(77,793)
Unclaimed dividends	94	-
Balance at the end of the reporting period	**1,000,956**	**861,880**

15. Dividends paid or provided for on ordinary shares

	2019 $	2018 $
Dividends paid or provided for during the year		
Interim and/or final fully franked ordinary dividend of 13.0 cents per share (2018: 11.5) franked at the tax rate of 27.5%.	87,940	77,793

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.

16. Reserves

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

	2019 $	2018 $
Asset revaluation reserve		
Balance at the beginning of the reporting period	150,552	151,795
Fair value movements during the period	9,403	(1,243)
Balance at the end of the reporting period	**159,955**	**150,552**

17. Earnings per share

Basic earnings per share

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

	2019 $	2018 $
Basic earnings per share (cents)	29.75	28.67
Earnings used in calculating basic earnings per share	226,922	193,907
Weighted average number of ordinary shares used in calculating basic earnings per share.	676,459	676,459

18. Statement of cash flows

	2019 $	2018 $
(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)	418,822	380,662
Other financial assets (Note 7)	437,692	377,165
As per the Statement of Cash Flow	**856,514**	**757,827**
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	226,922	193,907
Non-cash flows in profit		
- Depreciation	10,602	13,506
- Net (profit) / loss on disposal of property, plant and equipment	-	(4,404)
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(6,846)	(4,167)
- Increase / (decrease) in deferred tax liabilities	4,991	(1,942)
- Increase / (decrease) in under provisions	(2,745)	-
- Increase / (decrease) in trade and other payables	(24,267)	20,056
- Increase / (decrease) in current tax liability	255	33,094
- Increase / (decrease) in provisions	2,909	4,895
Net cash flows from / (used in) operating activities	**211,821**	**254,945**

(c) Credit standby arrangement and loan facilities

There is no standby arrangement or loan facility in place.

19. 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.

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

(a) Key management personnel (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:

	2019	2018
Marcus Walsh	501	501
Daryl Clifton	1,000	1,000
Michael Daunt	4,800	4,800
Bernie Charleson	14,001	14,001
Janine Booth	5,001	5,001
Graeme Mitchell	13,501	13,501
Quentin Turner	500	500
Bob Orr	18,301	18,301
Timothy Hayes	1,500	1,000
Jeff Unmack	10,000	10,000
Michael Beaumont	17,000	16,500
Joanne Bott (retired in 2019)	-	200
	86,105	85,305

There was a slight increase 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.

20. Events after the reporting period

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

21. Contingent liabilities and contingent assets

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

22. 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 (2018: 100%).

23. Company details

The registered office is:
L2/909 Sturt Street
Ballarat

The principal place of business is:
1 Raglan Street
Creswick

24. 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:

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

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

24. 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 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$**	**$**	**$**	**$**
Non-financial assets				
Freehold land and buildings	-	650,000	-	650,000
Shares in listed companies	211,944	-	-	211,944
Total non-financial assets recognised at fair value on a recurring basis	211,944	650,000	-	861,944

	30 June 2018			
	Level 1	**Level 2**	**Level 3**	**Total**
Recurring fair value measurements	**$**	**$**	**$**	**$**
Non-financial assets				
Freehold land and buildings	-	650,000	-	650,000
Shares in listed companies	188,284	-	-	188,284
Total non-financial assets recognised at fair value on a recurring basis	188,284	650,000	-	838,284

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2018: no transfers).

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

Description	Fair value at 30 June 2019	Description of valuation techniques	Inputs used
Freehold land and	650,000		

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

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

25. 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 that the company are 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	2019 $	2018 $
Financial assets			
Cash and cash equivalents	5	418,822	380,662
Trade and other receivables	6	105,069	98,223
Financial assets	7	649,636	565,449
Total financial assets		**1,173,527**	**1,044,334**
Financial liabilities			
Trade and other payables	10	63,988	88,053
Total financial liabilities		**63,988**	**88,053**

(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.

(a) Credit risk (continued)

None of the assets of the company are past due (2018: 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

(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.

25. Financial risk management (continued)

(b) Liquidity risk
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 2019	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets				
Cash and cash equivalents	418,822	418,822	-	-
Trade and other receivables	105,069	105,069	-	-
Financial assets	649,636	649,636	-	-
Total anticipated inflows	1,173,527	1,173,527	-	-
Financial liabilities				
Trade and other payables	63,988	63,988	-	-
Total expected outflows	63,988	63,988	-	-
Net inflow / (outflow) on financial instruments	**1,109,539**	**1,109,539**	**-**	**-**

30 June 2018	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets				
Cash and cash equivalents	380,662	380,662	-	-
Trade and other receivables	98,223	98,223	-	-
Financial assets	565,449	565,449	-	-
Total anticipated inflows	1,044,334	1,044,334	-	-
Financial liabilities				
Trade and other payables	88,053	88,053	-	-
Total expected outflows	88,053	88,053	-	-
Net inflow / (outflow) on financial instruments	**956,281**	**956,281**	**-**	**-**

(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.

(c) Market risk
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.

25. Financial risk management (continued)

(c) Market risk

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 2019	Profit $	Equity $
+/- 1% in interest rates (interest income)	8,565	8,565
+/- 1% in interest rates (interest expense)	-	-
	8,565	**8,565**

Year ended 30 June 2018	Profit $	Equity $
+/- 1% in interest rates (interest income)	7,578	7,578
+/- 1% in interest rates (interest expense)	-	-
	7,578	7,578

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.

	2019		2018	
	Carrying amount $	Fair value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents (i)	418,822	418,822	380,662	380,662
Trade and other receivables (i)	105,069	105,069	98,223	98,223
Financial assets	624,302	649,636	553,082	565,447
Total financial assets	**1,148,193**	**1,173,527**	**1,031,967**	**1,044,332**
Financial liabilities				
Trade and other payables (i)	63,988	63,988	88,053	88,053
Total financial liabilities	**63,988**	**63,988**	**88,053**	**88,053**

(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 35 are in accordance with the *Corporations Act 2001* and:

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

   (ii) give a true and fair view of the company's financial position as at 30 June 2019 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.

Marcus Walsh
Director
Signed at Creswick on 27 August 2019.

PPT
AUDIT

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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 2019, 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 2019 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.

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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

Jason D. Hargreaves
Director

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Share Registry:
RSD Advisors

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