Annual Report 2020

Creswick & District Financial Services Limited

Community Bank
Creswick & District

ABN 14 119 315 258

Contents

Chairman's report

For the year ended 30 June 2020

The financial year of 2019/20 for Creswick and District Financial Services has seen another profitable year in testing and unprecedented times. COVID-19 has changed all our lives in ways we would have barely believed possible. It has had a significant impact on the whole economy and the well being of our community. Thanks to our strong balance sheet and the hard work our staff and volunteer Board has undertaken it has us well placed to support our stakeholders during this pandemic.

We, as a Board are continuing to focus on running the business as efficiently as possible to ensure we continue to bring value to our shareholders and our community. In addition to the pandemic we have seen our margins reduced due to increased market competition and the continuation of low interest rates which are likely to continue in the near future. We continue to find the balance been business growth and supporting the community at a time when it needs it most. We acknowledge the additional effort of our staff to maintain our current holdings and the ability to think outside the square to ensure our customers are supported and our business growth is maintained.

COVID-19 has caused significant financial difficulty for many and we are fortunate to be in a position to still make significant contributions to our hard-working community groups. During the 2019/20 financial year Creswick & District Financial Services has contributed over $130,000 to community groups in our community. This considerable and worthwhile contribution is only possible due to the continued loyalty of our customers and shareholders. Your loyalty and custom are very much appreciated.

During the year we bid farewell to our Branch Manager, Ian Flynn who retired after a career that extended over 30 years in the Banking industry. Ian made a significant contribution in assisting the establishment of the Creswick Community Bank and more recently as Manager. We wish Ian a happy retirement and are grateful knowing that the Creswick & District Community is so much better off due to the hard work Ian provided during his tenure.

As a result of Ian's retirement, we welcomed Chris Whitear as Branch Manager. Chris brings a large amount of enthusiasm to the role of Manager and we as a Board are hopeful that Chris will continue the growth of the business that has been demonstrated in the past.

The Board continues to be appreciative of the dedication of our staff who are committed to provide exceptional customer service to our customers. Their loyalty and community ethos are evident from the volume of positive feedback we receive from the community. We're very proud of the team and their commitment to the business in ensuring that the interests and wellbeing of our customers and shareholders are their priority.

The Company could not continue to succeed without the commitment of the Board of Directors who have devoted many volunteer hours to ensure the business continues to grow and service the Creswick and district well. I would like to thank each of the Board Directors for their support and dedication during the past twelve months, it is very much appreciated.

Our Community Bank branch continues to make a positive difference to our community. I encourage all shareholders to advocate on our behalf and share the message how banking with our branch benefits and makes a difference to the lives of our local community. It is together that we can truly make a big difference, especially in these uncertain and challenging times.

On behalf of our staff and Board please stay safe.

Marcus Walsh
Chairman

Branch Manager's Report

For the year ended 30 June 2020

The Creswick & District Community Bank has achieved some positive results for the 2019/2020 financial year given challenging circumstances in the last half of the period with the Coronavirus pandemic impacting the country.

In this challenging environment, we continue to strive to offer quality customer service especially during times of sanitation and social distancing when personal contact is limited but so important. We remain an attractive alternative to the major banks and committed to making Creswick & District a great place to live.

The move to digital banking has been fast tracked due to the pandemic and our team have been working hard to ensure that all our customers have access to money and are able use contactless banking during these uncertain times. Up to 95% of customers who didn't have an ATM card now have access to the ATM and/or online banking.

We continue to see a steady stream of customers who require staff assistance in our branch and are happy to serve them in accordance to the current social distancing guidelines. We're taking this opportunity to educate many in other forms of banking while they are with us.

Our team have been working closely with our Coronavirus affected customers, ensuring we assist them getting back on their feet and making the hardship process as easy as can be.

We're pleased to have been able to provide support for some community organisations to assist with the purchase of the required safety equipment during the pandemic eg. sanitation, masks etc.

There are many ways we can support our customers, some may not have been considered before. Our team welcome an opportunity to discuss your personal and business requirements. We are happy to meet socially distanced, over video conference or on the phone. I encourage you to call the branch to make an appointment.

If the opportunity arises, and in our quest to further increase and develop business, it would be appreciated 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 endeavors and to continue the payment of dividends.

Thank you for your continued support and look forward to working with you in the future.

C. Whitear

Chris Whitear
Branch Manager

Connecting with the Community

Marcus Walsh - Chairman
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 – Company Secretary
Daryl is a retired Police Superintendent and is involved in many community groups including the Doug Lindsay Reserve Management Committee.

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

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.

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.

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.

Melissa Phillips
Melissa works in Local Government and is currently the Environmental Health Coordinator for the Hepburn Shire Council. Melissa competes in triathlons and enjoys mountain biking through our beautiful forests

Ian Smith
Ian is a 5th generation Farmer working on the family farm. Ian has been in the CFA for 25 years and the current captain of Newlyn/ Dean.

Funding received for FECRI's most important research asset.

Fiona Elsey Cancer Research Institute (FECRI) has expanded its tissue bank after receiving philanthropic funding to support a much-needed upgrade to the facility.

Two hundred thousand dollars of funding has been received from the Bendigo Bank Community Bank branches of Buninyong, Creswick, Beaufort, and Ballan & District, with assisting grants from the Percy Baxter Charitable Trust, James Kirkpatrick Charitable Trust and Patricia Madigan Charitable Trust for the new equipment and relocation works.

The Bendigo Bank Tissue Bank is a collection of human tissues that are stored as live cells in liquid nitrogen at -200°C and used later for research. The Bendigo Bank Tissue Bank houses nearly 4500 patient samples- many from cancer patients as well as healthy samples that are vital to researchers work. An upgrade to this facility was imperative for the ongoing momentum of research interests and has resulted in relocating the Bendigo Bank Tissue Bank facility to a designated area in the Laboratory. The funding also allowed for the purchase of new equipment with safeguard controls and further workflow efficiencies in the laboratory.

Institute Director, Professor George Kannourakis said "We are so grateful to receive this funding to upgrade the Tissue Bank to keep up with its growth to support our research. The Bendigo Bank Tissue Bank is fundamental to all of our research at the Institute and is our most important research asset."

Benevolent Fund

On behalf of the members of Creswick Essential Bags Initiative, I wish to thank the Board of the Community Bank Creswick & District for their generous financial support through the Benevolent Fund.

Tonight we delivered 49 personal care bags to Anglicare Creswick. Over the past few weeks we have sourced good quality toiletries and other necessities to restock our CEBI cupboards.

It was heartening to be able to answer the call when Anglicare asked for help. As you might expect, they are receiving more urgent requests for help during COVID19 as families and individuals are doing it tough. The bags we packed will be given to Anglicare clients, including families with babies, teenage girls, children between 4-6 years of age and 32 adults. We were able to purchase new backpacks for the children and these contained colouring books and crayons and small toys as well as toiletries.

Having the Benevolent Fund money enabled us to buy in bulk. We now have stock on hand to meet any demand over the next few months.

Please pass on our thanks to the Board and shareholders. We wish you all the best during these difficult times.

Community Contributions

Community Contributions and Local Projects supported by the shareholders of Creswick & District Financial Services over the 2019/20 Financial Year.

Kingston Agricultural Society

Clunes Golf Club

Clunes Ceramic Award

Creswick & District Historical Society

Mt Prospect Tennis

Creswick Scout Group

Creswick Garden Club

Clunes & District Agricultural Society

Ballarat & District Agricultural & Pastoral Society

Creswick Skate Park Event

Local Primary Schools (Clunes, Creswick, Creswick North & St Augustines)

Pavilion Arts & Sustainability

Creswick & District Adult Riding Club

Youthrive Vic

Creswick Neighbourhood Centre

Creswick Bowling Club

Clunes Cemetery Trust

Creswick & District Hospital Auxiliary

Fred Icke Road Race

Creswick Imperials Cricket Club – Junior Teams

Mollongghip Hall and Tennis Committee

Creswick Soccer Club

Bendigo Bank Tissue Bank – Fiona Elsey Cancer Research Institute

Creswick Fire Brigade

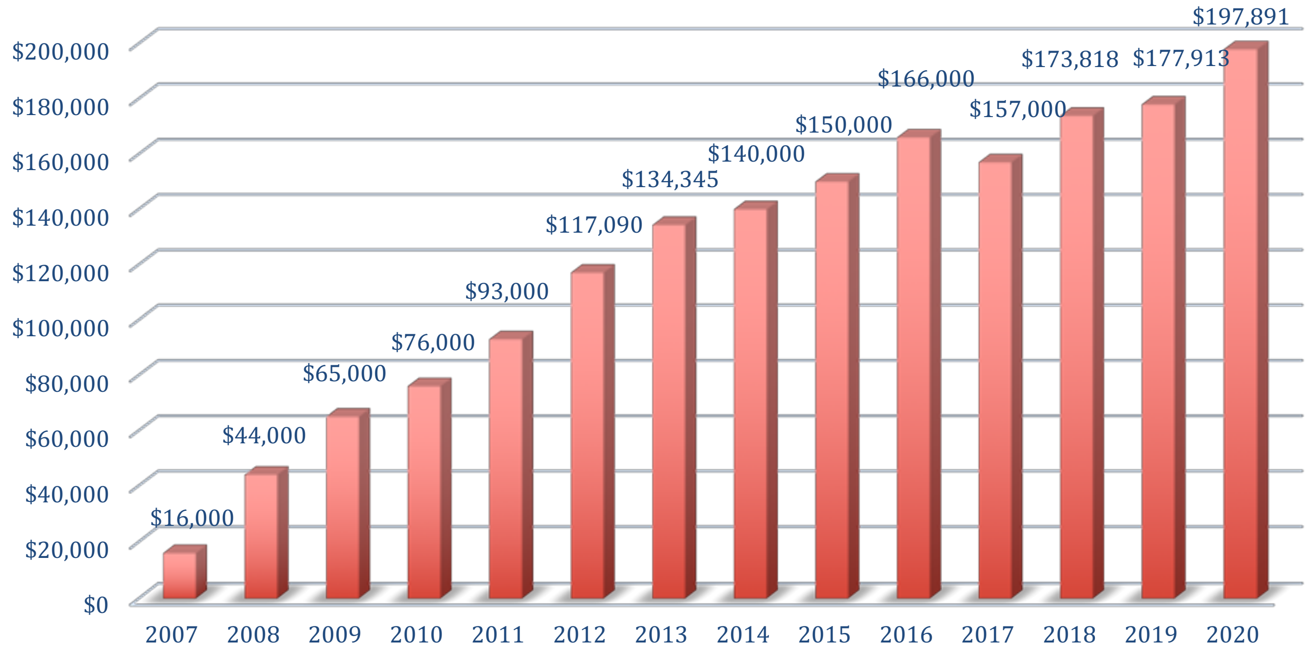
Creswick Smeaton RSL

Birch Group of Fire Brigades

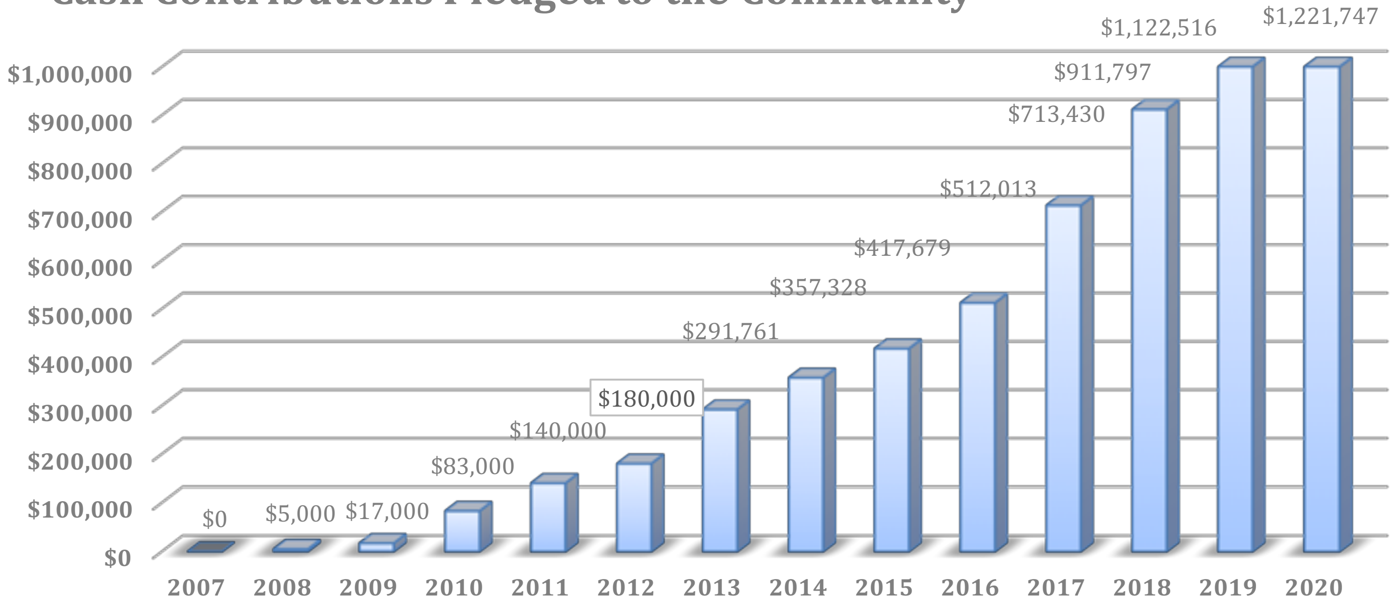
Clunes Play Group

Performance at a glance

Portfolio Balances (figures reported in $'000's)



Cash Contributions Pledged to the Community



Dividend (cents per share)*note 2009 is a capital return

Director's Report

The Directors present their report of the company for the financial year ended 30 June 2020.

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, Appointed 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

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

Quentin Turner AFSM	**Director**
Experience and expertise	Grad Dip Business Admin, Associate Fellow of the Australian Institute of Management. Current Chairman of CFA and Brigades Trust Fund. Former Commissioner in the Employment Relations Commission of Vic. Quentin is Chairperson of the Grants & Sponsorship Committee.
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

Melissa Phillips	Director
Experience and expertise	Melissa works in Local Government and is currently the Environmental Health Coordinator for the Hepburn Shire Council. Melissa competes in triathlons and enjoys mountain biking through our beautiful forests
Board member since	July 2019

Ian Smith	Director
Experience and expertise	Ian and his family are long-time residents of Rocklyn. Ian is involved in many local groups including the CFA, Ballarat & District Ploughing Assoc, Landcare and local farming groups.
Board member since	May 2020

Jeff Unmack	Director
Experience and expertise	B.Pharm., M.P.S. Jeff has been working as a qualified Pharmacist for over 30 years. Jeff owns and operates the Creswick Pharmacy and the Clunes Pharmacy. He is a past President of the Ballaarat Club.
Board member since	2015

Bernie Charleson	Retired 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.
Retired	29th October 2019

Michael Daunt	Retired 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.
Retired	29th October 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	11	11	4	4
Daryl Clifton	11	9	4	3
Michael Daunt	4	2	1	1
Bernie Charleson	4	0	N/A	N/A
Janine Booth	11	11	4	4
Graeme Mitchell	11	8	N/A	N/A
Quentin Turner	11	8	N/A	N/A
Bob Orr	11	10	4	4
Timothy Hayes	11	10	N/A	N/A
Jeff Unmack	11	9	N/A	N/A
Michael Beaumont	11	10	N/A	N/A
Melissa Phillips	11	9	N/A	N/A
Ian Smith	2	2	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.

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 $242,064 (2019 profit: $226,922), which represents a 6.7% increase from the previous year.

Dividends

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

A fully franked final dividend of 14.5 cents per share was declared and paid for the financial year ended 30 June 2020.

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 incurred 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.

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 2019	Net change in holdings	Balance at 30 June 2020
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	1,500	-	1,500
Jeff Unmack	10,000	-	10,000
Michael Beaumont	17,000	(400)	16,600
Melissa Phillips	-	300	300
Ian Smith	-	100	100

Signed in accordance with a resolution of the Board of Directors at Creswick on 25 August 2020.

Marcus Walsh
Chairman

PPT
AUDIT

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Ballarat VIC 3350

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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 2020 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, 24th August 2020

Statement of Profit or Loss and other Comprehensive Income
For the year ending 30 June 2020

	Note	2020 $	2019 $
Revenue	2	1,164,234	1,163,386
Expenses			
Employee benefits expense	3	516,871	395,127
Depreciation and amortisation	3	13,547	10,602
Bad and doubtful debts expense	3	57	52
Administration and general costs		85,474	68,786
Occupancy expenses		48,952	55,114
IT expenses		33,955	26,167
Agent commission		25,812	28,342
Advertising and marketing		5,788	16,483
Other expenses		12,457	36,824
		742,913	637,497
Operating profit / (loss) before charitable donations and sponsorships		**421,321**	**525,889**
Charitable donations and sponsorships		108,831	210,719
Profit / (loss) before income tax		**312,490**	**315,170**
Income tax expense / (benefit)	4	70,426	88,248
Profit / (loss) for the year		**242,064**	**226,922**
Revaluation of assets		(54,987)	9,403
Total comprehensive income for the year		**187,077**	**236,325**
Profit / (loss) attributable to members of the company		187,077	236,325
Total comprehensive income attributable to members of the company		**187,077**	**236,325**
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	33.47	33.55

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

Statement of Financial Position
For the year ending 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	5	596,460	418,822
Trade and other receivables	6	148,212	105,069
Financial assets	7	507,457	649,636
Other assets	8	850	850
Total current assets		**1,252,979**	**1,174,377**
Non-current assets			
Property, plant and equipment	9	772,347	779,854
Total non-current assets		**772,347**	**779,854**
Total assets		**2,025,326**	**1,954,231**
Liabilities			
Current liabilities			
Trade and other payables	10	77,738	63,988
Current tax liability	4	6,388	27,416
Provisions	12	51,667	15,191
Total current liabilities		**135,793**	**106,595**
Non-current liabilities			
Provisions	12	6,250	29,040
Deferred tax liability	4	15,017	39,321
Total non-current liabilities		**21,267**	**68,361**
Total liabilities		**157,060**	**174,956**
Net assets		**1,868,266**	**1,779,275**
Equity			
Issued capital	13	618,364	618,364
Retained earnings	14	1,144,934	1,000,956
Reserves	16	104,968	159,955
Total equity		**1,868,266**	**1,779,275**

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

Statement of Changes in Equity
For the year ending 30 June 2020

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
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**
Balance at 1 July 2019		618,364	1,000,956	159,955	1,779,275
Profit / (Loss) for the year		-	242,064	-	242,064
Other comprehensive income for the year		-	-	(54,987)	(54,987)
Total comprehensive income for the year		**-**	**242,064**	**(54,987)**	**187,077**
Transactions with owners, in their capacity as owners					
Shares issued during the year		-	-	-	-
Dividends paid or provided	15	-	(98,086)	-	(98,086)
Balance at 30 June 2020		**618,364**	**1,144,934**	**104,968**	**1,868,266**

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

Statement of Cash Flows
For the year ending 30 June 2020

	Note	2020 $	2019 $
Cash flows from operating activities			
Receipts from customers		1,094,815	1,127,028
Payments to suppliers and employees		(810,744)	(858,769)
Dividends received		11,656	11,781
Interest received		14,620	17,732
Income tax paid		(94,902)	(85,951)
Net cash provided by / (used in) operating activities	18b	**215,445**	**211,821**
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,049)	(14,594)
Purchase of shares in Bendigo Bank		(10,759)	(10,694)
Proceeds from property, plant and equipment		-	-
Net cash flows provided by / (used in) investing activities		**(16,808)**	**(25,288)**
Cash flows from financing activities			
Dividends paid		(98,086)	(87,846)
Net cash provided by / (used in) financing activities		**(98,086)**	**(87,846)**
Net increase / (decrease) in cash held		**100,551**	**98,687**
Cash and cash equivalents at beginning of financial year		856,514	757,827
Cash and cash equivalents at end of financial year	18a	**957,065**	**856,514**

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

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 25 August 2020.

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

Leases - adoption of AASB 16

The Company has adopted AASB 16 Leases using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

The Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

1. Summary of significant accounting policies (continued)

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

Practical expedients used on transition
AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:
- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- the right-of-use asset was adjusted by the existing onerous lease provision (where relevant) at 30 June 2019 rather than perform impairment testing of the right-of-use asset;
- excluded leases with an expiry date prior to 31 December 2019 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the tease term if the contract contains options to extend or terminate the lease

Financial statement impact of adoption of AASB 16

The Company has assessed its leases and has identified there is no impact on the amounts or disclosures in the financial statements as a result of the adoption of AASB 16 Leases. Leases for Automatic Teller Machines and IT equipment to which the Company is a party are excluded on the basis they do not contain an identifiable asset for the purposes of the standard, as the Bendigo Bank has the power to remove/replace these assets.

(e) Comparative figures

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

(f) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

1. Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements (continued)

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

Income tax

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

Impairment

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

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements.

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).

	2020 $	2019 $
Revenue		
- service commissions	1,087,598	1,133,874
	1,087,598	1,133,874
Other revenue		
- Government subsidies and grants	50,360	-
- dividends received	11,656	11,781
- interest received	14,620	17,731
	76,636	29,512
Total revenue	**1,164,234**	**1,163,386**

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.

	2020 $	2019 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	426,308	314,285
- superannuation costs	44,119	36,489
- other costs	46,444	44,353
	516,871	395,127
Depreciation and amortisation		
Depreciation		
- plant and equipment	2,509	1,599
- leasehold improvements	4,461	4,461
- motor vehicles	-	-
- buildings	4,192	4,192
- building improvements	2,385	350
	13,547	10,602
Total depreciation and amortisation	13,547	10,602
Bad and doubtful debts expenses	57	52
Auditors' remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	5,000	4,915

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.

	2020 $	2019 $
a. The components of tax expense / (income) comprise:		
Current tax expense / (income)	73,874	85,700
Deferred tax expense / (income) relating to revaluation	(3,448)	(1,208)
Under / (over) provision of prior years	-	3,756
	70,426	**88,248**
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%	69,515	83,558
Add tax effect of:		
- Franking credits on dividends received	(4,996)	(5,045)
- Under / (over) provision of prior years	-	3,756
- Asset revaluation	(20,859)	3,567
- Non-deductible transactions	25,856	1,478
- Difference in tax rates between parent and subsidiary	910	934
Income tax attributable to the entity	**70,426**	**88,248**
The applicable weighted average effective tax rate is	22.54%	28.00%
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	27,416	27,161
Income tax paid	(94,902)	(85,445)
Current tax	73,874	85,700
	6,388	**27,416**
d. Deferred tax asset / (liability)		
Deferred tax relates to the following:		
Deferred tax assets balance comprises:		
Accruals	913	973
Employee provisions	15,927	12,164
Asset revaluations - shares in listed companies	13,909	
Amortisation of franchise fee	21,814	21,814
	52,563	**34,951**
Deferred tax liabilities balance comprises:		
Property, plant & equipment	7,377	7,120
Asset revaluations - shares in listed companies	18	6,967
Asset revaluations - land and buildings	60,185	60,185
	67,580	74,272
Net deferred tax asset / (liability)	**(15,017)**	**(39,321)**

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.

	2020 $	2019 $
Bendigo Business Cash Management Cheque	27,222	31,689
Bendigo Overdraft Account	3,443	5,374
CMC Markets Stockbroking Account	466	466
Community EFTPOS Account	458	416
Sandhurst Account	97,994	41,453
Sandhurst Account	22,484	31,171
Sandhurst Account	444,393	308,253
	596,460	**418,822**

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.

	2020 $	2019 $
Current		
Trade receivables	148,212	105,069
	148,212	**105,069**

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			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2020	$	$	$	$	$	$
Trade receivables	148,212	148,212	-	-	-	-
Total	**148,212**	**148,212**	**-**	**-**	**-**	**-**
2019						
Trade receivables	105,069	105,069	-	-	-	-
Total	**105,069**	**105,069**	**-**	**-**	**-**	**-**

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.

	2020	**2019**
	$	**$**
Financial assets - at amortised cost		
Bendigo Term deposit	19,518	19,011
Bendigo Term deposit	-	129,313
Bendigo Term deposit	190,505	186,212
Bendigo Term deposit	54,089	52,683
Bendigo Term deposit	96,493	50,473
	360,605	437,692

7. Financial assets (continued)

	2020	2019
	$	$
Financial assets - FVOCI		
Shares in listed corporations at fair value	146,852	211,944
	507,457	649,636

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.

	2020	2019
	$	$
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.

	2020 $	2019 $
Land		
At fair value - 2017	195,000	195,000
Buildings		
At fair value - 2017	455,000	455,000
Less accumulated depreciation	(12,576)	(8,384)
	442,424	446,616
Building improvements		
At cost	12,273	12,273
Less accumulated depreciation	(2,734)	(349)
	9,539	11,924
Leasehold improvements		
At cost	178,442	178,442
Less accumulated depreciation	(60,484)	(56,023)
	117,958	122,419
Furniture & fittings		
At cost	26,756	20,707
Less accumulated depreciation	(19,330)	(16,812)
	7,426	3,895
Total property, plant and equipment	**772,347**	**779,854**

Movements in carrying amounts	**2020** **$**	**2019** **$**
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	446,616	450,808
Revaluation	-	-
Depreciation expense	(4,192)	(4,192)
Balance at the end of the reporting period	442,424	446,616
Building improvements		
Balance at the beginning of the reporting period	11,924	-
Additions	-	12,273
Depreciation expense	(2,385)	(349)
Balance at the end of the reporting period	9,539	11,924

9. Property, plant and equipment (continued)

	2020 $	2019 $
Leasehold improvements		
Balance at the beginning of the reporting period	122,419	126,880
Depreciation expense	(4,461)	(4,461)
Balance at the end of the reporting period	117,958	122,419
Furniture & fittings		
Balance at the beginning of the reporting period	3,895	3,174
Additions	6,040	2,321
Depreciation expense	(2,509)	(1,600)
Balance at the end of the reporting period	7,426	3,895
Total property, plant and equipment		
Balance at the beginning of the reporting period	779,854	775,862
Revaluations	-	-
Additions	6,040	14,594
Disposals	-	-
Depreciation expense	(13,547)	(10,602)
Balance at the end of the reporting period	**772,347**	**779,854**

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.

	2020 $	2019 $
Current		
Unsecured liabilities:		
Trade creditors	41,140	33,560
Other creditors and accruals	36,598	30,428
	77,738	**63,988**

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.

	2020 $	2019 $
Current		
Employee benefits	51,667	15,191
Non-current		
Employee benefits	6,250	29,040
Total provisions	**57,917**	**44,231**

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.

	2020 $	2019 $
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)

	2020 $	2019 $
Balance at the beginning of the reporting period	1,000,956	861,880
Profit/(loss) after income tax	242,064	226,922
Dividends paid	(98,086)	(87,940)
Unclaimed dividends	-	94
Balance at the end of the reporting period	**1,144,934**	**1,000,956**

15. Dividends paid or provided for on ordinary shares

	2020 $	2019 $
Dividends paid or provided for during the year		
Interim and/or final fully franked ordinary dividend of 14.5 cents per share (2019: 13) franked at the tax rate of 27.5%.	98,086	87,940

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.

	2020 $	2019 $
Asset revaluation reserve		
Balance at the beginning of the reporting period	159,955	150,552
Fair value movements during the period	(54,987)	9,403
Balance at the end of the reporting period	**104,968**	**159,955**

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.

	2020 $	2019 $
Basic earnings per share (cents)	33.47	33.55
Earnings used in calculating basic earnings per share	242,064	226,922
Weighted average number of ordinary shares used in calculating basic earnings per share.	676,459	676,459

18. Statement of cash flows

	2020 $	2019 $
(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)	596,460	418,822
Other financial assets (Note 7)	360,605	437,692
As per the Statement of Cash Flow	957,065	856,514
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	242,064	226,922
Non-cash flows in profit		
- Depreciation	13,547	10,602
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(43,143)	(6,846)
- Increase / (decrease) in deferred tax liabilities	(24,309)	4,991
- Increase / (decrease) in under provisions	-	(2,745)
- Increase / (decrease) in trade and other payables	34,628	(24,267)
- Increase / (decrease) in current tax liability	(21,028)	255
- Increase / (decrease) in provisions	13,686	2,909
Net cash flows from / (used in) operating activities	215,445	211,821

(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.

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.

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

(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:

	2020	2019
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	1,500
Jeff Unmack	10,000	10,000
Michael Beaumont	16,600	17,000
Melissa Phillips	300	-
Ian Smith	100	-
	86,105	86,105

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 (2019: 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

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 2020			
	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	146,852	-	-	146,852
Total non-financial assets recognised at fair value on a recurring basis	146,852	650,000	-	796,852

	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

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2019: no transfers).

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

Description	Fair value at 30 June 2020	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.

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	2020 $	2019 $
Financial assets			
Cash and cash equivalents	5	596,460	418,822
Trade and other receivables	6	148,212	105,069
Financial assets	7	507,457	649,636
Total financial assets		**1,252,129**	**1,173,527**
Financial liabilities			
Trade and other payables	10	77,738	63,988
Total financial liabilities		**77,738**	**63,988**

(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.

None of the assets of the company are past due (2019: 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.

Financial risk management (continued)

(b) Liquidity risk (continued)

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 2020	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets				
Cash and cash equivalents	596,460	596,460	-	-
Trade and other receivables	148,212	148,212	-	-
Financial assets	507,457	507,457	-	-
Total anticipated inflows	1,252,129	1,252,129	-	-
Financial liabilities				
Trade and other payables	77,738	77,738	-	-
Total expected outflows	77,738	77,738	-	-
Net inflow / (outflow) on financial instruments	**1,174,391**	**1,174,391**	**-**	**-**

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**	**-**	**-**

(c) Market risk

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

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

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

Financial risk management (continued)

(c) Market risk (continued)

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 2020	Profit $	Equity $
+/- 1% in interest rates (interest income)	9,571	9,571
+/- 1% in interest rates (interest expense)	-	-
	9,571	**9,571**

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

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.

	2020		2019	
	Carrying amount $	Fair value $	Carrying amount $	Fair Value $
Financial assets				
Cash and cash equivalents (i)	596,460	596,460	418,822	418,822
Trade and other receivables (i)	148,212	148,212	105,069	105,069
Financial assets	557,974	507,457	624,302	649,636
Total financial assets	**1,302,646**	**1,252,129**	**1,148,193**	**1,173,527**
Financial liabilities				
Trade and other payables (i)	77,738	77,738	63,988	63,988
Total financial liabilities	**77,738**	**77,738**	**63,988**	**63,988**

(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 2020 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 25 August 2020.

20 Lydiard Street South
Ballarat VIC 3350

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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 2020, 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 2020 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.

PPT
AUDIT

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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

Signed at Ballarat, 26th August 2020

Community Bank · Creswick & District
1 Raglan Street,
Creswick VIC 3363
Phone: 03 5345 1233
Web: bendigobank.com.au/creswick

Franchisee: Creswick & District Financial Services Limited
ABN: 14 119 315 258
1 Raglan Street, Creswick VIC 3363
Phone: 03 5345 1233
Email: admin@cdfsl.com.au

Share Registry Provider:
RSD Registry
PO Box 30, Bendigo VIC 3552
Phone: 03 5445 4222
Fax: 03 5444 434
Email: shares@rsdregistry.com.au

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_1374572 15/07/2020