Annual Report 2018

Northern Victoria Finances Limited

ABN 33 091 514 966

Nathalia **Community Bank**® Branch

Numurkah branch

Contents

Chairman's report

For year ending 30 June 2018

It is with great pleasure that I present this Chairman's report.

Although the banking system itself has had a trying 12 months our bank has gone from strength to strength and we must congratulate Peter and all the staff at both branches Nathalia and Numurkah for their efforts.

The Nathalia Community Early Learning Centre under the leadership of Natalie Watt and along with her wonderful staff of educators have grown the business and it is contributing to the profitability of NVF as well as providing a wonderful service to the community.

We have focused on supporting the youth in our communities with the Greenlight program giving Learner drivers a good opportunity to gain an understanding of the responsibility of driving a car and Camp Awakenings is giving some kids a chance to learn new social skills. So the next time your group or club ask your branch for a donation or grant ask yourself how can you help the branch and your community so we can all grow together.

Our Bourke road development will see 23 house blocks being offered in two stages over the next few years. Construction of stage 1 has been completed and 3 lots of the 11 are under offer. We hope to see the second stage of this development underway in 2020 which will be great for our town and the families that wish to build new homes in Nathalia.

Our sponsorship and grants (community investment) program donated approximately $29,765 to a number of community groups throughout Nathalia and Numurkah this year and brings the total dollar amount of these contributions in the community to $569,468 since the bank opened.

I would like to thank all the Board members who volunteer their time for the benefit of our communities. To our long serving secretary, Lanie Pearce and to our new secretary Trace Mark, thank you for the countless hours you put in to ensure things run smoothly. To Michael Tymensen, thank you for the work you do as our Treasurer.

David Liddell
Chairman

Table below shows approximate community contributions.

	Community Investment (Grants)	Sponsorship	Major Projects	Cents Per Share Paid	Dividends Paid to Shareholders	Total Funds Returned to Community & Shareholders
2002/03				$0.0400	$15,650	$15,650
2003/04		$4,371		$0.0500	$19,563	$23,934
2004/05	$11,000	$2,657		$0.0525	$20,541	$34,198
2005/06	$20,300	$5,350		$0.0625	$24,454	$50,104
2006/07	$16,684	$4,679	$600,000	$0.0725	$28,366	$649,729
2007/08	$37,357	$8,372	$100,000	$0.0800	$31,300	$177,029
2008/09	$57,450	$7,780	$84,437	$0.0400	$15,650	$165,317
2009/10	$31,060	$11,588	$249,424	$0.0750	$29,344	$321,416
2010/11	$32,686	$16,246	$62,389	$0.0750	$29,344	$140,665
2011/12	$22,824	$23,579		$0.0750	$29,344	$75,747
2012/13	$32,595	$13,966	$1,050,000	$0.0650	$25,432	$1,121,993
2013/14	$33,008	$15,070	$89,546	$0.0600	$23,475	$161,099
2014/15	$37,144	$14,053	$212,878	$0.0500	$19,563	$283,638
2015/16	$38,800	$15,861	$18,689	$0.0450	$17,607	$90,957
2016/17	$13,188	$12,034	$11,318	$0.0400	$15,650	$52,190
2017/18	$16,235	$13,530	$292,266	$0.0440	$17,215	$339,246
Cumulative Total	**$400,331**	**$169,137**	**$2,770,947**	**$0.9265**	**$362,498**	**$3,702,913**

	2016/17	2017/18	Variance	
Bank Business Held	$195,288,676	$205,015,549	Up	$9,726,873
Number of Accounts	7,826	7,885	Up	59

Senior Manager's report

For year ending 30 June 2018

I'd like to start this report by thanking the customers who bank with us and the many who use our childcare services, enabling us to do important work in the community. The grants, sponsorships and projects we are involved in create a great deal of pride in the staff and with their passion and commitment comes a great deal of engagement. It's just amazing to see the ownership the staff take over looking after the customers, which grows the financial results we return to the Nathalia and Numurkah communities.

This past year we have seen the banking business growth at the highest levels since 2013/14. While these figures are still short of our overall budget, we saw a marked improvement in lending activity, especially at Numurkah Branch. Our loans offering has been very well received while the deposit market is super competitive and that type of business has been much harder to grow.

Our childcare centre, for the first time, did not show growth in long day care places year on year. The Out of School Hours Care service is still growing and options are being explored to cater for even greater numbers next year. An ongoing challenge for our centre is attracting and retaining quality qualified staff in such a small town. We are pleased to have just recently employed two young school leavers and hope this can continue with around 22 staff now on the books there. Financial results in this part of the business were weaker this year. A restructure of government payment methods and subsidies coupled with adjustments to pricing should mean the centre can return to making a contribution to community profits.

Our bank building in Nathalia is now more than 30 years old and approaching 20 years of Community Banking. To this end we are completing a minor refresh of the premises with new carpet and lino laid and a fresh coat of paint. We have also fitted out the records room with more useable storage cabinets and window furnishings. Plans are underway to have solar installed on all our buildings to reduce costs.

We continue to offer locals bank jobs and in December we welcomed Megan Shaw as our full time trainee. A big thankyou to our experienced staff ticking off milestones with us as follows;

Susan Knopp	Customer Service Officer	10 years service
Narelle Oakes	Customer Service Supervisor	15 years service
Joanne Terry	Customer Service Officer	15 years service

Our residential subdivision major project at Bourke Rd is well underway. This Joint Venture with Moira Shire has been working well. Costs have risen over initial estimates, mostly due to planning issues around drainage however there appears to be solid interest in the blocks already. The titles should be available before Christmas 2018 and we look forward to seeing more new building works happening around town.

We continue to invest in the community of tomorrow. We once again supported wonderful initiatives such as the Motorvations driver education program and Camp Awakenings to promote youth leadership and community engagement. For the first time we set up a company Junior Observer program. Two bright young Year 12 students, Maisy Dewar and Laura Thorn, have been invited to observe our company governance where possible and give us opinions through the lens of youth. With a budget to deliver outcomes in the community we have been delighted to see them organise some exciting projects. This program has been a great way to give another perspective to community voice and has been good experience for both our company and the observers. We plan to do this again next year.

As always, I thank the volunteers who make up our board of directors and observers. Without these people giving up their time the governance would not be possible. Thanks to my staff at all three businesses for your commitment and making a difference to our community. We look forward with enthusiasm to 2018/19.

Peter Halden
Senior Manager Northern Victoria Finances Ltd

Directors' report

For financial year ending 30 June 2018

The Directors present their report of the company for the financial year ended 30 June 2018.

Directors

The following persons were Directors of Northern Victoria Finances Limited during or since the end of the financial year up to the date of this report:

David Liddell

Position	Chairperson
Professional qualifications	Nil
Experience and expertise	Qualified accountant with 10 years experience in public practise. 8 years of hardware retail experience as proprietor of Daves Home Timber and Hardware. Currently a Director of retail property development company, Dellcorp Developments Pty Ltd.

Raelene Pearce

Position	Director
Professional qualifications	Nil
Experience and expertise	40 years experience in farming. Landcare Project Co-ordinator. 20 years Environmental education experience.

Kaye Bernhardt

Position	Director
Professional qualifications	Nil
Experience and expertise	Retired Administrator. 35 years experience in Aged Care

Helen Ginnivan

Position	Director
Professional qualifications	Bachelor of Science (Education) Melbourne.
Experience and expertise	Assistant Principal. Uni graduate diploma computer Deakin University. 35 years teaching .

Michael Tymensen

Position	Director
Professional qualifications	Bachelor of business degree.
Experience and expertise	Accountant. CPA accountant with 23 years experience in a public practice.

Kristy Limbrick

Position	Director
Professional qualifications	Nil
Experience and expertise	Small Business Operator. 6 years of hardware retail experience as proprietor of Limo's Home Hardware and Rural Supplies.

Sherelle Smith

Position	Director
Professional qualifications	Nil
Experience and expertise	Dairy Farmer. 22 years dairying farming experience. 10 years of retail.

Ian Brereton

Position	Director
Professional qualifications	Nil
Experience and expertise	Pastry Cook, Small Business Operator. 31 years experience as a business owner. Property owner/ developer - 10 years. Secretary of Nathalia Football Netball Club - 2 years. Chair of NYE Carnival Committee - 8 years. Chair of St Francis School Board - 3 years. Committee member of these groups for approximately 20 years.

Directors' report (continued)

Directors (continued)

Neroli Eddy

Position	Director
Professional qualifications	Graduate Diploma Technology Education (GDTE), LaTrobe University; Certificate IV Workplace Training and Assessing; Certificate II Hospitality,
Experience and expertise	School Administrator. Kitchen; Food Safety Supervisor; Associate Diploma of Applied Science (Food Technology)

Mark Peterson (Resigned February 2018)

Position	Director
Professional qualifications	Nil
Experience and expertise	Dairy Farmer.

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	
Director	**A**	**B**
David Liddell	10	8
Raelene Pearce	10	5
Kaye Bernhardt	10	8
Helen Ginnivan	10	6
Michael Tymensen	10	10
Kristy Limbrick	10	5
Sherelle Smith	10	6
Ian Bereton	10	4
Neroli Eddy	10	6
Mark Peterson (Resigned February 2018)	6	4

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

Tracey Mark (Non Director) has been the Company Secretary of Northern Victoria Finances Limited since December 2017. Tracey's experience includes years as an office-holder on various local committees.

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 $288,097 (2017 profit: $314,670), which is a 8.4% decrease as compared with the previous year.

During the year Northern Victoria entered into a joint operation with Moira Shire Council for the development of the Bourke Rd parcel of land for future sub-division.

Directors' report (continued)

Directors (continued)

Dividends

A fully franked final dividend of 4.4 cents per share was declared and paid during the year for the year ended 30 June 2017. A dividend of 4.5 cents per share has been declared, but not yet paid for the year ended 30 June 2018.

Options

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

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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 at page 5 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.*

Signed in accordance with a resolution of the Board of Directors at Nathalia on 27 September 2018.

David Liddell
Director

Auditor’s independence declaration

RSD Audit
41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC,
3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditors’ Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Northern Victoria Finances Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

(i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the audit; and
(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

P.P. Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 27 September 2018

Financial statements

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue	2	2,438,488	2,360,160
Expenses			
Employee benefits expense	3	(1,483,298)	(1,361,239)
Depreciation and amortisation	3	(99,311)	(98,372)
Finance costs	3	(10,100)	(17,225)
Bad and doubtful debts expense	3	(761)	(924)
Gain / (loss) on disposal of property, plant and equipment	3	(10,673)	542
Impairment	8	(9,435)	-
Professional fees		(55,684)	(55,264)
Occupancy expenses		(43,446)	(42,492)
IT expenses		(36,535)	(34,743)
Advertising and marketing		(13,237)	(10,326)
Repairs & maintenance		(44,108)	(20,545)
Insurance		(24,827)	(40,014)
Utilities		(37,420)	(37,402)
Freight/cartage/delivery		(6,399)	(15,630)
Other expenses		(136,934)	(180,465)
Total Expenses		**(2,012,168)**	**(1,914,099)**
Operating profit before charitable donations & sponsorship		**426,320**	**446,061**
Charitable donations and sponsorships		(25,552)	(18,698)
Profit before income tax		**400,768**	**427,363**
Income tax expense	4	(112,671)	(112,693)
Profit for the year after income tax		**288,097**	**314,670**
Other comprehensive income		-	-
Total comprehensive income for the year		**288,097**	**314,670**
Profit attributable to members of the company		288,097	314,670
Total comprehensive income attributable to members of the company		**288,097**	**314,670**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	18	73.63	80.43

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

Financial statements

Statement of Financial Position
as at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	5	620,660	367,050
Trade and other receivables	6	179,479	149,460
Inventory	7	181,639	-
Total current assets		**981,778**	**516,510**
Non-current assets			
Property, plant and equipment	8	1,660,529	1,871,122
Intangible assets	9	140,387	167,611
Total non-current assets		**1,800,916**	**2,038,733**
Total assets		**2,782,694**	**2,555,243**
Liabilities			
Current liabilities			
Trade and other payables	11	219,813	112,933
Current tax liability	4	25,797	93,706
Borrowings	12	113,266	130,232
Provisions	13	131,834	134,681
Total current liabilities		**490,710**	**471,552**
Non-current liabilities			
Borrowings	12	51,806	115,232
Provisions	13	27,152	18,277
Deferred tax liability	4	26,635	34,460
Total non-current liabilities		**105,593**	**167,969**
Total liabilities		**596,303**	**639,521**
Net assets		**2,186,391**	**1,915,722**
Equity			
Issued capital	14	391,256	391,256
Retained earnings	15	1,567,742	1,297,073
Reserves	17	227,393	227,393
Total equity		**2,186,391**	**1,915,722**

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

Financial statements

Statement of Changes in Equity
For the year ended 30 June 2018

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2017		391,256	1,297,073	227,393	1,915,722
Comprehensive income for the year					
Profit for the year		-	288,097	-	288,097
Transactions with owners in their as owners					
Dividends paid or provided	16	-	(17,428)	-	(17,428)
Balance at 30 June 2018		**391,256**	**1,567,742**	**227,393**	**2,186,391**
Balance at 1 July 2016		391,256	982,403	227,393	1,601,052
Comprehensive income for the year					
Profit for the year		-	314,670	-	314,670
Balance at 30 June 2017		**391,256**	**1,297,073**	**227,393**	**1,915,722**

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

Financial statements

Statement of Cash Flows
for the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		2,615,226	2,465,667
Payments to suppliers and employees		(2,003,019)	(1,912,464)
Interest paid		(10,100)	(17,225)
Income tax paid		(188,404)	(65,124)
Net cash flows provided by operating activities	19b	**413,703**	**470,854**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		70,000	5,958
Purchase of property, plant and equipment		(20,634)	(47,203)
Development costs		(111,639)	-
Net cash flows used in investing activities		**(62,273)**	**(41,245)**
Cash flows from financing activities			
Proceeds from borrowings		-	32,335
Repayment of borrowings		(80,392)	(280,799)
Dividends paid		(17,428)	-
Net cash flows used in financing activities		**(97,820)**	**(248,464)**
Net increase in cash held		**253,610**	**181,145**
Cash and cash equivalents at beginning of financial year		367,050	185,905
Cash and cash equivalents at end of financial year	19a	**620,660**	**367,050**

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

Notes to the financial statements

For the year ended 30 June 2018

These financial statements and notes represent those of Northern Victoria Finances Limited.

Northern Victoria Finances Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 25 September 2018.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

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®** branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branches 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®** branches;
- 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) Comparative figures

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

(e) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Income tax

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

Impairment

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

(f) New and revised standards that are effective for these financial statements

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

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. Information on the more standard(s) applicable to this entity are presented below.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses
AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost. AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

(g) New accounting standards for application in future periods

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

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

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

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

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

a) Financial assets that are debt instruments will be classified based on:
  (i) the objective of the entity’s business model for managing the financial assets; and
  (ii) the characteristics of the contractual cash flows.

1. Summary of significant accounting policies (continued)

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

b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.

d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

- the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
- the remaining change is presented in profit or loss If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

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

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

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

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

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

(ii) AASB 15: *Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018)*

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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

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

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

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

1. Summary of significant accounting policies (continued)

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

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

AASB 16:
- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

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

(h) Investments in joint operation

During the year, NVFL entered into a joint operation arrangement with the Moira Shire Council. Under this arrangement, NVFL sold 50% of its share of the land at Bourke Rd to the Moira Shire Council, and contributed the remaining 50% to the joint arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Interests in joint operations are accounted for by recognising the company's assets (including its share of any assets held jointly,) its liabilities (including its share of any liabilities incurred jointly,) its share of the revenue from the sale of the output by the joint operation and its expenses (including its share of any expenses incurred jointly).

2. Revenue

	2018 $	2017 $
Revenue		
- service commissions	1,506,696	1,476,482
- fee income for childcare services	927,031	883,678
	2,433,727	2,360,160
Other revenue		
- other revenue	4,761	-
	4,761	-
Total revenue	**2,438,488**	**2,360,160**

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.

2. Revenue (Continued)

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 and service commissions received in the form of childcare fees by the company.

Other revenue
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).

3. Expenses

	2018	2017
	$	$
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	1,267,892	1,174,788
- superannuation costs	125,904	116,395
- other costs	89,502	70,056
	1,483,298	1,361,239
Depreciation and amortisation		
Depreciation		
- buildings	43,435	45,910
- plant and equipment	1,351	1,534
- furniture and fittings	11,513	11,830
- motor vehicles	15,788	11,874
	72,087	71,148
Amortisation		
- franchise fees - Nathalia	13,612	13,612
- franchise fees - Numurkah	13,612	13,612
	27,224	27,224
Total depreciation and amortisation	99,311	98,372

	2018	2017
	$	$
Finance costs		
- Interest paid	10,100	17,225
Bad and doubtful debts expenses	761	924
(Gain) / Loss on disposal of property, plant and equipment	10,673	(542)
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit,		
- Audit or review of the financial report	5,059	6,500

3. Expenses (continued)

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.
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.

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

Class of asset	*Rate*	*Method*
Buildings	2.50%	Straight line
Furniture & fittings	5-15%	Diminishing value
Plant and equipment	5-50%	Straight line & Diminishing value
Motor vehicles	18.75%	Diminishing value

4. Income tax

	2018 $	2017 $
a. The components of tax expense comprise:		
Current tax expense	118,009	136,385
Deferred tax expense	(7,798)	(23,707)
Under / (over) provision of prior years	2,460	15
	112,671	**112,693**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities		
before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2017: 27.5%)	110,211	117,525
Add tax effect of:		
- Under / (over) provision of prior years	2,460	15
- Change in company tax rate	-	(4,847)
Income tax attributable to the entity	**112,671**	**112,693**
The applicable weighted average effective tax rate is:	28.11%	26.37%

4. Income tax (continued)

	2018 $	2017 $
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities		
Opening balance	93,706	22,444
Income tax paid	(188,404)	(65,123)
Current tax	118,009	136,385
Under / (over) provision prior years	2,486	-
	25,797	**93,706**
d. Deferred tax liability		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Accruals	3,131	2,448
Employee provisions	43,721	42,063
Impairment losses	2,595	-
	49,447	44,511
Deferred tax liabilities comprise:		
Property, plant & equipment	76,082	78,971
	76,082	78,971
Net deferred tax a liability	**(26,635)**	**(34,460)**
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(2,315)	(13,405)
(Decrease) / increase in deferred tax liabilities	(5,457)	(10,287)
Under / (over) provision prior years	(26)	(15)
	(7,798)	**(23,707)**

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 are measured at the amounts expected to be paid to the relevant taxation authority.

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

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

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

5. Cash and cash equivalents

	2018 $	2017 $
Cash at bank and on hand	620,660	367,050
	620,660	**367,050**

Cash and cash equivalents include cash on hand and deposits available on demand with banks.

6. Trade and other receivables

	2018 $	2017 $
Current		
Trade receivables	179,479	149,460
	179,479	**149,460**

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

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

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.

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

	Gross amount	Not past due	Past due but not impaired < 30 days	Past due but not impaired 31-60 days	Past due but not impaired > 60 days	Past due and impaired
2018	$	$	$	$	$	$
Trade receivables	179,479	179,479	-	-	-	-
Total	**179,479**	**179,479**	**-**	**-**	**-**	**-**
2017						
Trade receivables	149,460	149,460	-	-	-	-
Total	**149,460**	**149,460**	**-**	**-**	**-**	**-**

7. Inventory

	2018 $	2017 $
Land development - Bourke Rd	181,639	-
	181,639	**-**

During the year, the company entered into a joint operation arrangement with Moira Shire Council for the development of land owned by Northern Victoria Finances Limited. As the land is no longer held for long term use in the company's operations, but rather development and disposal, the land and associated development costs have been classified as inventory.

Refer to note 26 for further information on the joint operation.

8. Property, plant and equipment

	2018			2017		
	At cost / valuation $	Accumulated depreciation $	Written down value $	At cost / valuation $	Accumulated depreciation $	Written down value $
Land	203,179	-	203,179	362,049	-	362,049
Buildings	1,606,550	(299,651)	1,306,899	1,606,550	(256,216)	1,350,334
Furniture and fittings	41,746	(21,408)	20,338	41,746	(20,057)	21,689
Plant and equipment	296,563	(234,861)	61,702	274,799	(223,887)	50,912
Motor vehicles	137,143	(68,732)	68,411	138,276	(52,138)	86,138
Total property, plant and equipment	**2,285,181**	**(624,652)**	**1,660,529**	**2,423,420**	**(552,298)**	**1,871,122**

Land and buildings
Land and buildings held at fair value:
- 42 Blake Street, Nathalia

Freehold land and buildings are carried at their fair value (refer note 1 (e)), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings. The land and building were last revalued in 2011. All land and buildings are scheduled to be revalued in the 2018-19 financial year.

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.

Land and buildings held at cost:
- 27 Melville Street, Numurkah
- 20 Bromley Street, Nathalia

Freehold land and buildings are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of land and buildings 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 land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from 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.

8. Property, plant and equipment (continued)

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.

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.

(a) Capital expenditure commitments
The entity does not have any capital expenditure commitments at 30 June 2018 (2017: None)

(b) Movements in carrying amounts of PP&E

2018	Opening written down value $	Additions $	Disposals $	Impairment $	Transfer $	Depreciation $	Closing written down value $
Land	362,049	-	(79,435)	(9,435)	(70,000)	-	203,179
Buildings	1,350,334	-	-	-		(43,435)	1,306,899
Furniture and fittings	21,689	-	-	-		(1,351)	20,338
Plant and equipment	50,912	20,364	-	-	1,939	(11,513)	61,702
Motor vehicles	86,138	-		-	(1,939)	(15,788)	68,411
Total property, plant and equipment	**1,871,122**	**20,364**	**(79,435)**	**(9,435)**	**(70,000)**	**(72,087)**	**1,660,529**

2017	Opening written down value $	Additions $	Disposals $	Revaluations $	Transfer $	Depreciation $	Closing written down value $
Land	361,785	264	-	-	-	-	362,049
Building	1,392,790	3,454		-	-	(45,910)	1,350,334
Furniture and	23,223	-	-	-	-	(1,534)	21,689
Plant and	59,307	3,435	-	-	-	(11,830)	50,912
Motor vehicles	63,920	39,860	(5,768)	-	-	(11,874)	86,138
Total property, plant and	**1,901,025**	**47,013**	**(5,768)**	**-**	**-**	**(71,148)**	**1,871,122**

9. Intangible assets

	2018			2017		
	At cost $	Accumulated amortisation $	Written down value $	At cost $	Accumulated amortisation $	Written down value $
Franchise fees - Nathalia	68,056	(35,164)	32,892	68,056	(21,552)	46,504
Franchise fees - Numurkah	68,056	(35,164)	32,892	68,056	(21,552)	46,504
Goodwill	74,603	-	74,603	74,603	-	74,603
Total intangible assets	**210,715**	**(70,328)**	**140,387**	**210,715**	**(43,104)**	**167,611**

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

Goodwill relates to the purchase of customer lists for other branches. Goodwill is not amortised, but is tested annually for impairment, or more frequently if events or conditions indicate it might be impaired. An impairment loss is recognised for the amount by which the carrying value exceeds its recoverable amount.

Movements in carrying amounts

2018	Opening written down value $	Amortisation $	Closing written down value $
Franchise fees - Nathalia	46,504	(13,612)	32,892
Franchise fees - Numurkah	46,504	(13,612)	32,892
Goodwill	74,603	-	74,603
Total intangible assets	**167,611**	**(27,224)**	**140,387**

2017	Opening written down value $	Amortisation $	Closing written down value $
Franchise fees - Nathalia	60,116	(13,612)	46,504
Franchise fees - Numurkah	60,116	(13,612)	46,504
Goodwill	74,603	-	74,603
Total intangible assets	**194,835**	**(27,224)**	**167,611**

10. 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.

11. Trade and other payables

	2018 $	2017 $
Current		
Unsecured liabilities:		
Trade creditors	31,433	21,108
Other creditors and accruals	178,632	83,275
Dividends payable	9,748	8,550
	219,813	**112,933**

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.

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

12. Borrowings

	2018 $	2017 $
Current		
Secured liabilities		
Loans	102,100	119,066
Finance leases	11,166	11,166
	113,266	**130,232**
Non-current		
Secured liabilities		
Loans	44,063	94,063
Finance leases	7,743	21,169
	51,806	**115,232**
Total borrowings	**165,072**	**245,464**

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as 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.

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a diminishing value basis over the shorter of their estimated useful lives or the lease term.

12. Borrowings (continued)

(a) Loans
(i) The company has a mortgage loan over the childcare centre which is subject to normal terms and conditions. The current interest rate on this loan is 6.3%pa. This loan has been created to fund the construction of the Nathalia Community Early Learning Centre and is secured by the land and buildings at 20 Bromley street.

ii) The company has a mortgage loan with CW & KM Stone. The current interest rate is 5%pa. This loan was for the acquisition of 27 Melville Street, Numurkah and is secured by this property. This loan is to be repaid by November 2019.

(iii) The company has a mortgage loan with the Bendigo Bank (DSE) which is subject to normal terms and conditions. The current interest rate is 5.46%pa. This loan is secured by both 42 Blake Street and 20 Bromley Street, and a registered mortgage debenture over the company.

(b) Lease liabilities
Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

13. Provisions

	2018 $	2017 $
Current		
Employee benefits	131,834	134,681
Non-current		
Employee benefits	27,152	18,277
Total provisions	**158,986**	**152,958**

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.

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.

14. Share capital

	2018 $	2017 $
391,256 Ordinary shares fully paid	391,256	391,256
	391,256	**391,256**
Ordinary shares are classified as equity.		
(a) Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	391,256	391,256
At the end of the reporting period	**391,256**	**391,256**

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.

(b) 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%.

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

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

15. Retained earnings

	2018 $	2017 $
Balance at the beginning of the reporting period	1,297,073	982,403
Profit for the year after income tax	288,097	314,670
Dividends paid	(17,428)	-
Balance at the end of the reporting period	**1,567,742**	**1,297,073**

16. Dividends paid or provided for on ordinary shares

	2018 $	2017 $
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 4 cents per share (2017: Nil) franked at the tax rate of 27.5% (2017: 27.5%).	17,428	-

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

17. Reserves

	2018 $	2017 $
Asset revaluation reserve		
Balance at the beginning of the reporting period	227,393	227,393
Balance at the end of the reporting period	**227,393**	**227,393**

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

18. Earnings per share

	2018 $	2017 $
Basic earnings per share (cents)	73.63	80.43
Earnings used in calculating basic earnings per share	288,097	314,670
Weighted average number of ordinary shares used in calculating basic earnings per share.	391,256	391,256

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.

19. Statement of cash flows

	2018 $	2017 $
(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)	620,660	367,050
As per the Statement of Cash Flow	**620,660**	**367,050**
(b) Reconciliation of cash flow from operations with profit/loss after income tax		
Profit for the year after income tax	288,097	314,670
Non-cash flows in profit		
- Depreciation and amortisation	99,311	98,372
- Bad debts	761	924
- Net (profit) / loss on disposal of property, plant & equipment	10,673	(542)
- Impairment	9,435	-

19. Statement of cash flows (continued)

	2018 $	2017 $
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(30,780)	(8,169)
- (Increase) / decrease in deferred tax asset	(7,825)	(23,692)
- Increase / (decrease) in trade and other payables	105,912	(40,246)
- Increase / (decrease) in current tax liability	(67,909)	71,263
- Increase / (decrease) in provisions	6,028	58,656
Net cash flows from operating activities	**413,703**	**471,236**

20. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person 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.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2018 $	2017 $
Short-term employee benefits	5,000	14,500
Total key management personnel compensation	**5,000**	**14,500**

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.

(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) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. A secretary allowance has been paid to the respective director for their duties undertaking the secretarial role for the company.

(d) Key management personnel shareholdings

The number of ordinary shares in Northern Victoria Finance Limited held by each key management personnel of the company during the financial year is as follows:

	2018	2017
David Liddell	1,000	1,000
Raelene Pearce	500	500
Kaye Bernhardt	500	500
Helen Ginnivan	300	300
Michael Tymensen	-	-
Kristy Limbrick	-	-
Sherelle Smith	-	-
Ian Brereton	500	500
Neroli Eddy	-	-
Mark Peterson (Resigned February 2018)	400	400
	3,200	**3,200**

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

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

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

21. Events after the reporting period

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

22. Contingent liabilities and contingent assets

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

23. Commitments

Chattel mortgage commitments

	2018 $	2017 $
Payable:		
- no later than 12 months	11,166	31,166
- between 12 months and five years	8,374	23,313
- greater than five years	-	-
Minimum lease payments	19,540	54,479
	(631)	(2,338)
Chattel mortgage liability	**18,909**	**52,141**

The chattel mortgages comprises leases of motor vehicles under normal commercial finance lease terms and conditions, repayable over 5 years.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

24. Company details

The registered office and principle place of business is 42 Blake Street, Nathalia VIC 3638.

25. Operating segments

(a) Description of segments and principal activities

1 - Banking services: As detailed in Note 1, the entity operates in the financial services sector where it provides banking services to its clients. The company operates in two geographic area being Nathalia and Numurkah, Victoria, whereby the board monitors performance of the two branches separately. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of this revenue (2017: 100%).

2 - Childcare services: The company is an Approved Provider of long day care and associated services at the Nathalia Early Learning Centre, which was purchased on 1 August 2014. This business segment was commenced to maintain an important service for the community.

25. Operating segments (continued)

3 - Bourke Rd Development: Relates to the development of land in a joint arrangement with the Moire Shire Council.

(b) Segment results

	Nathalia	Numurkah	Childcare	Bourke Rd	Eliminations	Total
Revenue	1,079,389	618,350	927,031	-	(186,282)	2,360,160
Expenses						
Employee benefits expense	521,712	254,591	706,995	-	-	1,483,298
Depreciation and amortisation	71,444	23,187	4,680	-	-	99,311
Finance costs	10,100	-	-	-	-	10,100
Other expenses	236,649	198,847	192,689	3,108	(186,282)	445,011
	839,905	476,625	904,364	3,108	(186,282)	2,037,720
Profit / (loss) before income tax	**239,484**	**141,725**	**22,667**	**(3,108)**	**-**	**400,768**

(c) Segment assets and liabilities

	Nathalia	Numurkah	Childcare	Bourke Rd	Eliminations	Total
Assets						
Current assets						
Cash and cash equivalents	316,396	284,574	19,690	26,194	-	620,660
Trade and other receivables	84,009	56,915	28,571	60,860	(50,876)	179,479
Inventory	-	-	-	181,639	-	181,639
Total current assets	400,405	341,489	48,261	268,693	(50,876)	981,778
Non-current assets						
Property, plant and equipment	1,562,122	53,879	44,528	-	-	1,660,529
Intangible assets	32,892	96,528	10,967	-	-	140,387
Investment in joint operation	268,693	-	-	-	(268,693)	-
Total non-current assets	1,863,707	150,407	55,495	-	(268,693)	1,800,916
Total assets	**2,264,112**	**491,896**	**103,756**	**268,693**	**(319,569)**	**2,782,694**
Liabilities						
Current liabilities						
Trade and other payables	190,855	45,397	34,437	-	(50,876)	219,813
Current tax liability	25,797	-	-	-	-	25,797
Borrowings	102,100	-	11,166	-	-	113,266
Provisions	69,594	31,471	30,769	-	-	131,834
Total current liabilities	388,346	76,868	76,372	-	(50,876)	490,710
Non-current liabilities						
Borrowings	44,063	-	7,743	-	-	51,806
Provisions	3,998	7,091	16,063	-	-	27,152
Deferred tax liability	26,635	-	-	-	-	26,635
Total non-current liabilities	74,696	7,091	23,806	-	-	105,593
Total liabilities	**463,042**	**83,959**	**100,178**	**-**	**(50,876)**	**596,303**
Net assets	**1,801,070**	**407,937**	**3,578**	**268,693**	**(268,693)**	**2,186,391**

26. Financial instrument risk

Financial risk management policies

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

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

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

	Note	2018 $	2017 $
Financial assets			
Cash and cash equivalents	5	620,660	367,050
Trade and other receivables	6	179,479	149,460
Total financial assets		**800,139**	**516,510**
Financial liabilities			
Trade and other payables	11	219,813	112,933
Borrowings	12	165,072	245,464
Total financial liabilities		**384,885**	**358,397**

(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.

26. Financial instrument risk (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2017: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due. The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

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

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. 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.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. 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 2018	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents		620,660	620,660	-	-
Trade and other receivables		179,479	179,479	-	-
Total anticipated inflows		800,139	800,139	-	-
Financial liabilities					
Trade and other payables		219,813	219,813	-	-
Borrowings	5.44%	165,072	113,266	51,806	-
Total expected outflows		384,885	333,079	51,806	-
Net inflow / (outflow) on financial instruments		**415,254**	**467,060**	**(51,806)**	**-**

30 June 2017	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents		367,050	367,050	-	-
Trade and other receivables		149,460	149,460	-	-
Total anticipated inflows		516,510	516,510	-	-
Financial liabilities					
Trade and other payables		112,933	112,933	-	-
Borrowings	5.44%	245,464	130,232	115,232	-
Total expected outflows		358,397	243,165	115,232	-
Net inflow / (outflow) on financial instruments		**158,113**	**273,345**	**(115,232)**	**-**

26. Financial instrument risk (continued)

(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 company has no exposure to fluctuations in foreign currency, or any exposure to a material price risk.

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

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2018		2017	
	Profit	Equity	Profit	Equity
	$	$	$	$
+/- 1% in interest rates (interest income)	6,207	6,207	3,671	3,671
+/- 1% in interest rates (interest expense)	(1,651)	(1,651)	(2,455)	(2,455)
	4,556	4,556	1,216	1,216

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

27. 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).

27. Fair value measurements (continued)

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

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.

Non-financial assets
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 2018			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	38,000	-	38,000
Buildings	-	249,018	-	249,018
Total non-financial assets recognised at fair value on a recurring basis	-	287,018	-	287,018

	30 June 2017			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	38,000	-	38,000
Buildings	-	251,106	-	251,106
Total non-financial assets recognised at fair value on a recurring basis	-	289,106	-	289,106

27. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2017: no transfers).

(b): **Valuation techniques**

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

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

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

Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2018 $	Description of valuation techniques	Inputs used
Freehold land	38,000	Valuation of land and buildings were undertaken by a qualified independent valuer. The valuation of land and buildings is at fair value, being market valuer is based on highest and best use permitted by relevant land planning provisions.	Registered Valuer
Buildings	249,018		Registered Valuer

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.

Directors' declaration

In accordance with a resolution of the Directors of Northern Victoria Finances Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 38 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 2018 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.

David Liddell
Director

Signed at Nathalia on 27 September 2018.

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF NORTHERN VICTORIA FINANCES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Northern Victoria Finances Limited, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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:

(a) the financial report of Northern Victoria Finances Limited 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 2018 and of its performance for the year then ended; and

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the entity 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.

Director's Responsibility for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

P.P. Delahunty
Partner
Bendigo
Dated: 27 September 2018

Nathalia **Community Bank**® Branch
42 Blake Street, Nathalia VIC 3638
Phone: (03) 5866 3159 Fax: (03) 5866 2964
www.bendigobank.com.au/nathalia

Numurkah branch
27 Melville Street, Numurkah VIC 3636
Phone: (03) 5862 3135 Fax: (03) 5862 2149
www.bendigobank.com.au/numurkah

Franchisee: Northern Victoria Finances Limited
42 Blake Street, Nathalia VIC 3638
ABN: 33 091 514 966

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