Annual Report 2018

Coleraine and District Financial Services Limited

Coleraine & District **Community Bank**® Branch

ABN 77 102 030 017

Contents

Chairman’s report

For year ending 30 June 2018

On behalf of the Directors of Coleraine &District Financial Services Limited, I have great pleasure in presenting the 2017/18 report to you, our shareholders.

Our company has had another challenging and exciting year with very tight banking margins and many customers paying down debt, which is reducing our income, however this has not distracted us from our key goal to provide sound banking services to our communities.

We are very excited about the closure of the NAB in Casterton, (the third major bank to leave Casterton in around 5 years) and the new business opportunities it brings with it. We are working closely with the Casterton Business & Development Association and the Casterton Co-op. Our focus this year will be to work together, grow our business further and to strengthen our relationship with existing and new customers. Our target of $25M worth of business before Christmas 2018 will ensure the Casterton residents get a Customer Service Centre. A Customer Service Centre will be located in a host business and be staffed by Bendigo Bank staff. This will ensure the Casterton community get the return of all professional banking services back in town. A big challenge, but the Casterton community must embrace Bendigo’s **Community Bank®** model and the benefits it brings to the community.

This year we increased the value of funds returned to our community with a staggering $650,000 through community grants, sponsorship, donations and dividends. As we say, “the more banking business we can build, the more the community benefits” and “when you understand the concept, why wouldn’t you bank with us”?

One of our partnerships this year was providing seed funding to the Sandford Bush Festival, allowing the festival to get off the ground, we also encouraged other major sponsors to join and will be run next year even bigger and better. This type of partnership is integral to building stronger communities. We are proud to be able to support such great community events and ideas and help bring them to reality.

Another exciting youth program we are involved in is sending two students to a program called “Magic Moments”, our third year of involvement. We receive amazing feedback from these participants and the parents cannot believe the change in the outlook of their child after the week they spend at the program. We believe we are investing in the future leaders of our community.

In the past 12 months we have seen our funds under management grow by approximately $7M to $80M. Shareholders would have noticed the funds under management sitting around $70M for the last 3 years. The growth can be credited to our great team in the branch led by Justin Bryant. With more emphasis on growth from the board, Justin and his team have also committed to be very active within our communities, attending lots of events and meetings representing the bank, and doing their bit and taking on roles within our community. The staff also must meet the requirements of Bendigo Bank through regular audits and checks, and it is great to report to you that they are fulfilling that well. A big thank you must go to Justin, Caroline, Sharon, Anne for everything they do in the branch to make us compliant and provide a happy and positive environment for all that enter the branch. It was with great sadness that Megan has left, and we wish her all the best, hopefully one day we may see her back in the branch. Tamara has been working mainly over in Casterton on business development and it was great to see the fruits of her labour come to fruition and helping with the business growth this year, thanks Tamara.

I would like to recognise the Directors of Coleraine & District Financial Services Limited. Without the following people’s support and endless volunteered hours and skills they bring to our community, the bank would not be the success it is today. Coralie Coulson, Steve Zippel, Greg Hodgson, John Kane, Tim Johnston, Gabrielle Baudinette, Simon Ferrier, Shannyn McElgunn, Beccy Wishart and Andrew Povey, thank you.

Finally, thank you to our banking partner Bendigo and Adelaide Bank Limited for the professional support you provide us. We thank Leanne Martin in her role of Regional Manager and Mark O’Dowd in his role of Regional Community Manager. The board are grateful to be working with both Leanne and Mark in assisting and maintaining our strong links to our communities and our customers. We look forward to another exciting year ahead as we build on the foundations laid for us in the previous years.

Grant Little
Chairman

Manager’s report

For year ending 30 June 2018

I am pleased to be able to present my second Manager’s report as we celebrate our 15th year of operation and 20th year of Community Banking in Australia.

In the late 1990s a new type of banking model came onto Australia’s banking scene - Bendigo’s **Community Bank®** branches. Today, 20 years later, there are more than 320 **Community Bank®** branches throughout Australia, partnering with Australia’s fifth largest retail bank. Not only do these **Community Bank®** branches provide banking and financial services, they have a unique point of difference - more than $183 million has been reinvested back into local Australian communities.

The Royal Commission into the banking sector has taken up a lot of space in the news, but we continue to endeavour to meet our responsible lending requirements to make sure you are customers and we the Bank are doing right by each other.

The last 12 months has again seen large pay down of debt and interest rates remaining low on the investment front, which has kept us on our toes in growing our business.

Customers

Without you, we don’t have a business.

With this in mind, it is pleasing to see that our ‘Funds Under Management’ have grown from $71.3m to $78.7m. Our customer numbers have increased from 1883 to 1967 and our total accounts have risen from 2877 to 3002 over the past 12 months.

Recent Bank closures in Casterton have seen that community embrace our ‘Point of Difference’ and be a part of our **Community Bank®** and Be Part of The Change that their banking can make with us.

I’m sure you’ve all seen our great commercials from around the country showing how banking with a **Community Bank®** can generate change and help grow the local community – it’s all about forming a trusted relationship between us all.

Staff

Our Team of dedicated staff and specialists are always here to help.

Tamara, Caroline, Anne and Sharon continue to support me and aide our customers in their day to day banking needs and keep up with all the regulatory requirements as part of their jobs. This year we said farewell to Megan who is now spending more time keeping her husband under control while they run their farm and look after their 3 children.

The staff at our Casterton agency – Ann, Narelle, Karyn and Robyn – continue to assist our customers in Casterton.

Hannah Ronaldson has joined our team as our AgriBusiness Manager and is assisted by Gabby Redpath as our Agribusiness Assistant.

Belinda Palmer continues her role as our Farm/Small Business Insurance Specialist, her partnership with us resulted in us providing the most sales of all 19 Branches in our Region – this is due to the great relationship we have with our customers and ensuring their Insurance needs are covered.

Steve Harris also continues to assist our customers as our Financial Planner.

We also have Brenton Morgan, a Senior Business Banking Manager, who helps us with our bigger business and commercial lending requirements.

Our Branch continues to be supported by our State Support Office in Ballarat and Head Office’s in Bendigo and Docklands and our numerous Regional Support Team who travel long distances to encourage and aide us.

Board of Directors

Thanks, as always, goes to our Directors, who volunteer their time to help grow our **Community Bank®** and the community itself – as our bottom line increases, our community contributions via sponsorship, capital grants and dividends can continue.

Shareholders

As I said last year in my first report – your ongoing support is extremely important to us.

We welcome the opportunity to grow your relationship with us and would love you to introduce us to any community groups you're involved in and any business acquaintances that can help us grow.

In closing, now more than ever, our point of difference is really important. A sharing of local banking profits to benefit everyone. Commitment to our communities is the ultimate part of who we are.

To date, Coleraine& District **Community Bank®** Branch has contributed over $670,000 directly back into our communities and this has happened because people like you choose to bank with us.

We believe banking is about more than just profits. It's about helping to create vibrant, thriving communities. And that's something that benefits all of us.

We're not only a bank branch, we are members of your community and we're proud to play a part in 'Be the change'.

Justin Bryant
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank®** branch opened. And it has only been a few months since the latest, the 321st, **Community Bank®** branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank®** branch to the most recent one, and the 319 in between.

This year, five of our Community Bank branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank®** branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank®** funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over $200 million in **Community Bank®** contributions, all because of people banking with their local **Community Bank®** branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank®** network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only '*community bank*', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank®** company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank®** company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank®** branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank®** branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.

Robert Musgrove
Bendigo and Adelaide Bank

COLERAINE AND DISTRICT FINANCIAL SERVICES LIMITED
Community Grants, Donations & Sponsorships
Approved For Year ended 30th June 2018

Schools/Kindergarten:

• Coleraine Primary School – Swimming Program & Fete Raffles	$1,100	
• Coleraine & District Kindergarten – 3 Year Old Program	$2,000	
• St Joseph's Primary School – Twilight Fair Raffles	$300	
• Balmoral Community College – Items for Show Bags	$150	
• Year 6 Graduation Bursaries (10 students x $100 3 schools)	$1,000	**$4,550**

Sporting:

• Harrow/Balmoral Football & Netball Club (final year of 3 year deal)	$5,000	
• Merino Golf Club – Stableford Championship	$300	
• Coleraine Football & Netball Club (4th year of 5 year deal)	$4,000	
• Coleraine Golf Club	$1,000	
• Coleraine Bowling Club	$660	
• Coleraine Racing Club	$1,250	
• Hamilton Camp Draft	$375	
• Casterton Golf Club – Partnership Funding for Event	$1,000	
• Casterton Polocrosse Club	$450	
• Casterton Sporting Motorcycle Club - Casterton Hill Climb	$300	
• Casterton Cycling Event - Wal Smith Memorial	$500	
• Casterton Croquet Club	$200	
• Wando Vale Hall Dog Trial	$200	**$15,235**

Community:

• Balmoral Lions Club - Show 'n' Shine	$300	
• Coleraine & District Development Association - Art Show/Xmas Carnival	$1,000	
• Coleraine & District Development Association – Monument Walk	$1,000	
• Coleraine Community Car – Fuel	$1,000	
• Coleraine Lions Club – Community Clock, Anniversary Dinner & Golf Day	$1,700	
• Coleraine Action Club – Drive-In Movie Night & Show Bags	$450	
• Coleraine P & A Society – Fireworks display	$3,000	
• Casterton P & A Society - Kids Activities	$2,500	
• Casterton Rotary Club – Art Show	$400	
• Claryce Beckert Art Show Sponsorship	$250	
• Merino Community Festival	$500	
• Nareen Fire Brigade – Contribution to Vehicle	$500	
• Variety Bash Car Rally	$250	
• Harrow Bush Nursing – Youth Driver Program	$300	
• Coleraine Pedal Car Grand Prix	$300	**$13,450**

Charitable:

• South West Bushfire Appeal	$1,000	
• Combatting Ice in the Community – program support	$5,000	
• Movember	$100	**$6,100**

Community Grants:

• Mockas Boxing Club (approved June / July 2017)	$3,000	
• Balmoral Community Complex	$20,000	**$23,000**
	GRAND TOTAL:	**$62,335**

** The above projects were approved by the Board during 2017/18 and some will be expended in 2018/19 **

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

Directors

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

GRANT JAMES LITTLE

Position	Chairperson
Professional qualifications	Masters of Business Management
Experience and expertise	20 years managing Nareen Station Pty Ltd, Chairman of the Coleraine Hospital Advisory Committee, local CFA captain.

CORALIE LOUISE COULSON

Position	Director
Professional qualifications	Diploma Orthoptics, Australian College of Ophthalmology & Graduate Australian Institute Company Directors
Experience and expertise	Employed as an Orthoptist in private Ophthalmological practices & Adelaide Children's Hospital 1974-1981 Practice Manager, Coleraine Casterton Medical, 1997-2003 Councillor, Southern Grampians Shire Council 2004-2008 Director, Glenelg Hopkins Catchment Management Authority 2009 - 2013. Director, Great South Coast Group (Regional Development body) 2012 - 2017 Admin Assistant, Coleraine Casterton Medical - current

GREGORY HODGSON

Position	Director
Professional qualifications	
Experience and expertise	Self employed farmer most of my working life and involvement in various community groups over many decades, particularly CFA and Landcare.

JOHN THOMAS KANE

Position	Director
Professional qualifications	
Experience and expertise	25 year career in the Victorian Public Service in various senior management positions with the Department of agriculture, health, Education, Conservation Forest & Lands and Business sand employment. Extensive involvement with sporting and community groups over decades. self employed farmer since 1996.

REBECCA WISHART

Position	Director
Professional qualifications	Bachelor of commerce (Accounting), CPA completed 2009, UNSW SMSF Specialisation
Experience and expertise	Been working in the accounting industry since graduating in 2004. From 2007 to now have solely worked in the self managed superfund sector. Been a director of Grampians Accounting services since 2009 - which is my current employer. Was also treasurer of the Coleraine Football Netball Club for 7 years.

TIMOTHY JAMES JOHNSTON

Position	Director
Professional qualifications	B.Ru.Sc. (Hons)
Experience and expertise	Principal Waradgery Pastoral Co & Manager Kowarna Partnership; Director Gambeth Nominees & Hambleton Investments (family companies). Community involvement including CFA and Pony club.

SIMON RODERICK FERRIER

Position	Director
Professional qualifications	Advanced Diploma in Applied Science (Farm Management)
Experience and expertise	Training co-ordinator at RIST, lecturer/Project Officer at Murrumbidgee College of Agriculture, Consultant World Food program (Cambodia & Thailand), Teacher in pang, Mechanic with Dept. Crown Lands & Survey.

ELIZABETH MARY BRITTEN - Retired 17/10/2017

Position	Director
Professional qualifications	BA, B Mus, Dip Ed (Melb Uni)
Experience and expertise	Teacher, St Catherine's School, Toorak 2 years, Volunteer with OSB in PNG 2 years, Principal, the Hermitage in Geelong, Assistant to Head master at GGS, Research Assistant Educ. Dept. Melb, Principal Shelford Grammar, Caulfield until retirement in 1991.

STEVE ZIPPEL

Position	Director
Professional qualifications	Qualified Carpenter / Joiner
Experience and expertise	30 years building experience. Presently employed at Casterton Memorial Hospital as maintenance supervisor.

SHANNYN MCELGUNN

Position	Director
Professional qualifications	Bachelor of Education (Primary)
Experience and expertise	Language teacher (Indonesian) at St Joseph's Coleraine and Sacred Heart, Casterton 2014-present. Classroom teacher St. Joseph's Warrnambool 2006, 2009-2011, Special Needs Co-ordinator and classroom teacher Petts Hills School, London UK 2007-2008. Community involvement includes Coleraine Playgroup co-ordinator, President of the St. Joseph's Parent association, Mini Vinnies (Warrnambool and Coleraine) and various fundraising groups.

GABRIELLE BAUDINETTE

Position	Director
Professional qualifications	CPA; Diploma of Financial Planning
Experience and expertise	Director of Coleraine Joinery & Building Supplies with my husband Quentin. Volunteer with the Coleraine Fire Brigade. Previously worked for 10 years in Aged Care Finance. Previous member of the Coleraine Hospital Advisory Committee for 10 years. Interests include bush walking, singing and reading.

ANDREW POVEY

Position	Director
Professional qualifications	Qualified Plumber and Gasfitter. Certificate IV In Business (Front line Management).
Experience and expertise	Employed at Wannon Water as Team Leader Civil Maintenance. Life Member Hamilton and District Cricket Association. Past President of three years with Coleraine Football Netball Club. Seven years as Manager of Junior Football within Coleraine Football Netball Club. Current Football Manager South West District Football Netball League.

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
Grant Little	11	10
John Kane	11	9
Elizabeth Britten	3	3
Tim Johnston	11	8
Greg Hodgson	11	7
Simon Ferrier	11	7
Coralie Coulson	11	8
Rebecca Wishart	11	11
Steve Zippel	11	8
Gabrielle Baudinette	11	10
Andrew Povey	11	8
Shannyn McElgunn	11	9

A- The number of meetings eligible to attend.

B- The number of meetings attended.

Company Secretary

Rebecca Wishart has been the Company Secretary of Coleraine & District Financial Services Limited since 2017.

Rebecca's qualifications and experience include a Bachelor of Commerce and CPA registration.

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 $28,148 (2017 loss: $1,176).

Dividends

A partly franked final dividend of up to 5 cents per share was declared to be paid from the current year profits for the year ended 30 June 2018. This dividend will be paid on completion of the year end financial statements.

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 out in this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Remuneration report

Remuneration policy

There has been a remuneration policy developed as executive directors receive a nominal amount for their services.
All other positions are held on a voluntary basis and those directors do not receive remuneration.

Remuneration benefits and payments

Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

The Coleraine & District Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $Nil for the year ended 30 June 2017.

The remuneration per Director is as follows:

	2018 $
Grant Little	2,000
Rebecca Wishart	1,500
Tim Johnston	1,000
Shannyn McElgunn	1,000
Elizabeth Britten	250
Gabrielle Baudinette	250
	6,000

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.
Signed in accordance with a resolution of the Board of Directors at Coleraine on 27 August 2018.

Grant Little
Director

Auditor's Independence Declaration

As lead auditor for the audit of Coleraine & District Financial Services Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coleraine & District Financial Services Limited.

McLaren Hunt

MCLAREN HUNT
AUDIT AND ASSURANCE

NARELLE MCLEAN
PARTNER

Dated at Warrnambool, 30 August 2018

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue	2	538,556	512,551
Expenses			
Employee benefits expense	3	(281,916)	(258,956)
Depreciation and amortisation	3	(16,620)	(16,739)
Operating expenses		(149,070)	(144,812)
		(447,606)	(420,507)
Operating profit before charitable donations & sponsorship		**90,950**	**92,044**
Charitable donations and sponsorships		(52,484)	(60,723)
Profit before income tax		**38,466**	**31,321**
Income tax benefit	4	(10,318)	(32,497)
Profit/(loss) for the year after income tax		**28,148**	**(1,176)**
Total comprehensive income for the year		**28,148**	**(1,176)**
Profit/(loss) attributable to members of the company		28,148	(1,176)
Total comprehensive income attributable to members of the company		**28,148**	**(1,176)**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	16	6.00	(0.25)

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

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Financial Position as at 30 June 2018

	Note	2018 $	2017 $
Assets			
Current assets			
Cash and cash equivalents	5	53,735	57,074
Trade and other receivables	6	48,599	46,428
Financial assets	7	284,138	308,456
Current tax asset	4	-	(4,780)
Other assets	8	5,262	6,443
Total current assets		**391,734**	**413,621**
Non-current assets			
Property, plant and equipment	9	69,970	72,626
Intangible assets	10	63,177	11,021
Total non-current assets		**133,147**	**83,647**
Total assets		**524,881**	**497,268**
Liabilities			
Current liabilities			
Trade and other payables	11	26,158	38,968
Deferred tax liability	4	11,366	13,660
Current tax liability	4	7,408	-
Provisions	12	37,705	10,999
Total current liabilities		**82,637**	**63,627**
Non-current liabilities			
Provisions	12	9,888	5,959
Total non-current liabilities		**9,888**	**5,959**
Total liabilities		**92,525**	**69,586**
Net assets		**432,356**	**427,682**
Equity			
Issued capital	13	469,472	469,472
Accumulated losses	14	(37,116)	(41,790)
Total equity		**432,356**	**427,682**

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

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Changes in Equity for the year ended 30 June 2018

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2017		469,472	(41,790)	427,682
Comprehensive income for the year				
Comprehensive result for the year		-	28,148	28,148
		-	**28,148**	**28,148**
Transactions with owners in their capacity as owners				
Dividends paid or provided	15	-	(23,474)	(23,474)
Balance at 30 June 2018		**469,472**	**(37,116)**	**432,356**
Balance at 1 July 2016		469,472	(40,614)	428,858
Comprehensive income for the year				
Comprehensive result for the year		-	(1,176)	(1,176)
		-	**(1,176)**	**(1,176)**
Transactions with owners in their capacity as owners				
Dividends paid or provided	15	-	-	-
Balance at 30 June 2017		**469,472**	**(41,790)**	**427,682**

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Statement of Cash Flows for the year ended 30 June 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Receipts from customers		529,891	506,194
Payments to suppliers and employees		(487,782)	(454,482)
Interest received		6,328	6,961
Income tax paid		(9,984)	(9,746)
Net cash flows provided by operating activities	17b	**38,453**	**48,927**
Cash flows from investing activities			
Purchase of intangible assets		(66,110)	-
Net cash flows from/(used in) investing activities		**(66,110)**	**-**
Net increase/(decrease) in cash held		**(27,657)**	**48,927**
Cash and cash equivalents at beginning of financial year		365,530	316,603
Cash and cash equivalents at end of financial year	17a	**337,873**	**365,530**

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

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

Coleraine & District Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 27 August 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® branch at Coleraine.**

The branch operates 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.

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Employee benefits provision

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

Income tax

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

Impairment

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

(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.

(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.

1. Summary of significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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.

1. Summary of significant accounting policies (continued)

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

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

(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.

2. Revenue

	2018 $	2017 $
Revenue		
- service commissions	84,149	88,685
	84,149	88,685
Other revenue		
- interest received	6,494	6,997
- other revenue	447,913	416,869
	454,407	423,866
Total revenue	**538,556**	**512,551**

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

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

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

Interest, dividend and other income
Interest income is recognised on an accrual basis using the effective interest rate method.

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	249,392	230,856
- superannuation costs	24,618	19,318
- movements in provisions	7,161	8,102
- other costs	745	680
	281,916	258,956
Depreciation and amortisation		
Depreciation		
- leasehold improvements	2,666	2,675
	2,666	2,675
Amortisation		
- franchise fees	13,954	14,064
Total depreciation and amortisation	16,620	16,739

3. Expenses (continued)

	2018	2017
	$	$
Auditors' remuneration		
Remuneration of the Auditor, for:		
- Audit or review of the financial report	2,900	2,850
	2,900	2,850

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.

Depreciation
The depreciable amount of all fixed assets, are depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of asset	*Rate*	*Method*
Leasehold improvements	2.5 - 5%	Straight line
Plant and equipment	10 - 20%	Straight line

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.

4. Income Tax

	2018 $	2017 $
a. The components of tax expense comprise:		
Current tax expense	12,607	10,114
Deferred tax expense	(2,028)	3,530
Under / (over) provision of prior years	(261)	18,853
	10,318	32,497
b. Prima facie tax payable		
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2017: 27.5%)	10,578	8,613
Add tax effect of:		
- Under / (over) provision of prior years	(261)	-
- Non-deductible expenses	-	1,501
Income tax attributable to the entity	10,317	10,114
The applicable weighted average effective tax rate is:	-26.82%	-103.75%
Tax losses carried forward not recognised as deferred tax assets:	-	-
c. Current tax liability		
Current tax relates to the following:		
Current tax liabilities / (assets)		
Opening balance	(4,780)	1,170
Income tax paid	9,984	4,164
Current tax	(12,607)	(10,114)
Under / (over) provision prior years	(5)	-
	(7,408)	(4,780)
d. Deferred tax asset / liability		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Superannuation payable	146	-
Prepayments	(1,170)	(1,513)
Property, plant & equipment	-	-
Accruals	590	595
Employee provisions	6,633	4,663
Unused tax losses	-	-
	6,199	**3,745**
Deferred tax liabilities comprise:		
Accrued income	277	(221)
Property, plant & equipment	17,288	(17,184)
	17,565	(17,405)
Net deferred tax asset / liability	(11,366)	(13,660)
Total carried forward tax losses not recognised as deferred tax assets:	-	-
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(2,028)	16,801
	(2,028)	16,801

4. Income Tax (continued)

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

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

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

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

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

5. Cash and cash equivalents

	2018	2017
	$	$
Cash at bank and on hand	53,735	57,074
	53,735	**57,074**

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

6. Trade and other receivables

	2018	2017
	$	$
Current		
Trade receivables	48,599	46,428
	48,599	**46,428**

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.

6. Trade and other receivables (continued)

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

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2018	**$**	**$**	**$**	**$**	**$**	**$**
Trade receivables	48,599	48,599	-	-	-	-
Total	**48,599**	**48,599**	**-**	**-**	**-**	**-**
2017						
Trade receivables	46,428	46,428	-	-	-	-
Total	**46,428**	**46,428**	**-**	**-**	**-**	**-**

7. Financial assets

	2018	2017
	$	$
Held to maturity financial assets		
Term deposits	284,138	308,456
	284,138	308,456

(a) Classification of financial assets

The company classifies its financial assets in the following categories:

• held to maturity investments

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

Held to maturity investments

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

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

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

7. Financial assets (continued)

(b) Measurement of financial assets

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

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

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

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

7. Financial assets (continued)

(c) Impairment of financial assets

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

(d) Derecognition

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

8. Other assets

	2018 $	2017 $
Prepayments	4,256	5,603
Other - Accrued interest	1,006	840
	5,262	**6,443**

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

9. Property, plant and equipment

	2018 $			2017 $		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements	130,005	(60,035)	69,970	130,005	(57,379)	72,626
Plant and equipment	9,172	(9,172)	-	9,172	(9,172)	-
Total property, plant and equipment	**139,177**	**(69,207)**	**69,970**	**139,177**	**(66,551)**	**72,626**

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	Depreciation	Closing written down value
Leasehold improvements	72,626	(2,656)	69,970
Plant and equipment	-	-	-
Total property, plant and equipment	**72,626**	**(2,656)**	**69,970**

2017	Opening written down value	Depreciation	Closing written down value
Leasehold improvements	77,971	(2,675)	75,296
Plant and equipment	602	(602)	-
Total property, plant and equipment	**78,573**	**(3,277)**	**75,296**

10. Intangible assets

	2018 $			2017 $		
	At cost	Accumulated amortisation	Written down value	At cost	Accumulated amortisation	Written down value
Franchise fees	66,111	(2,934)	63,177	70,321	(59,300)	11,021
Total intangible assets	**66,111**	**(2,934)**	**63,177**	**70,321**	**(59,300)**	**11,021**

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

Movements in carrying amounts

	Opening written down value	Additions	Amortisation	Closing written down value
2018				
Franchise fees	11,021	66,111	(13,954)	63,178
Total intangible assets	**11,021**	**66,111**	**(13,954)**	**63,178**

	Opening written down value	Additions	Amortisation	Closing written down value
2017				
Franchise fees	25,085	-	(14,064)	11,021
Total intangible assets	**25,085**	**-**	**(14,064)**	**11,021**

11. Trade and other payables

	2018 $	2017 $
Current		
Unsecured liabilities:		
Trade creditors	10,497	17,869
Other creditors and accruals	15,661	21,099
	26,158	**38,968**

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. Provisions

	2018 $	2017 $
Current		
Employee benefits	14,231	10,999
Dividend proposed	23,474	-
	37.705	10.999
Non-current		
Employee benefits	9,888	5,959
Total provisions	**47,593**	**5,959**

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.

12. Share capital

	2018 $	2017 $
469,472 Ordinary shares fully paid	469,472	469,472
	469,472	**469,472**

Ordinary shares are classified as equity.

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

(a) Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	469,472	469,472
Shares issued during the year	-	-
At the end of the reporting period	**469,472**	**469,472**

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.

14. Accumulated losses

	2018 $	2017 $
Balance at the beginning of the reporting period	(41,790)	(40,614)
Profit/(loss) for the year after income tax	28,148	(1,176)
Dividends paid	(23,474)	-
Balance at the end of the reporting period	**(37,116)**	**(41,790)**

15. Dividends paid or provided for on ordinary shares

Dividends provided for during the year	2018 $	2017 $
Interim and/or final partly franked ordinary dividend of upto 5 cents per share (2017:5 cents) franked at the tax rate of 27.5% (2017: 27.5%)	23,474	-

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

16. Earnings per share

	2018 $	2017 $
Basic earnings per share (cents)	6.00	(0.25)
Earnings used in calculating basic earnings per share	28.148	(1.176)
Weighted average number of ordinary shares used in calculating basic earnings per share.	469,472	469,472

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 servcing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjsuted for bonus elements in ordinary shares issues during the year.

17. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:	2018 $	2017 $
Cash and cash equivalents (Note 5)	53,735	57,074
Financial assets	284,138	308,456
As per the Statement of Cash Flow	337,873	365,530
(b) Reconciliation of cash flow from operations with profit(loss) after income tax		
Profit/(loss) for the year after income tax	28,148	(1,176)
Non-cash flows in profit		
- Depreciation and amortisation	16,610	16,739
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(2,171)	641
- (increase) / decrease in prepayments and other assets	1,181	(1,150)
- (Increase) / decrease in deferred tax asset	(2,294)	16,801
- Increase / (decrease) in trade and other payables	(12,810)	5,183
- Increase / (decrease) in current tax liability	2,628	5,950
- Increase / (decrease) in provisions	7,161	5,939
Net cash flows from operating activities	38,453	48,927

(c) Credit standby arrangement and loan facilities

18. Key management personnel and related party disclosures

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.

(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. There has been a remuneration policy developed as executive directors receive a nominal amount for their services. All other positions are held on a voluntary basis and those directors do not receive remuneration.

The Coleraine & District Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be $nil for the year ended 30 June 2018.

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

(d) Key management personnel shareholdings

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.

19. Events after the reporting period

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

20. Contingent liabilities and contingent assets

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

21. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Coleraine, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2017: 100%).

22. Company details

The registered office and principal place of business is:	59 Whyte Street
	Coleraine Vic 3315

23. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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	53,735	57,074
Trade and other receivables	6	48,599	46,428
Financial assets	7	284,138	308,456
Total financial assets		**386,472**	**411,958**
Financial liabilities			
Trade and other payables	11	26,158	38,968
Total financial liabilities		**26,158**	**38,968**

(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.

23. 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. 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	**Total $**	**Within 1 year $**
Financial assets		
Cash and cash equivalents	53,735	53,735
Trade and other receivables	48,599	48,599
Financial assets	284,138	284,138
Total anticipated inflows	386,472	386,472
Financial liabilities		
Trade and other payables	26,158	26,158
Total expected outflows	26,158	26,158
Net inflow / (outflow) on financial instruments	**360,314**	**360,314**

23. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2017	Total $	Within 1 year $
Financial assets		
Cash and cash equivalents	57,074	57,074
Trade and other receivables	46,428	46,428
Financial assets	308,456	308,456
Total anticipated inflows	411,958	411,958
Financial liabilities		
Trade and other payables	38,968	38,968
Total expected outflows	38,968	38,968
Net inflow / (outflow) on financial instruments	**372,990**	**372,990**

(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 fixed interest securities, and cash and cash equivalents.

Sensitivity analysis

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

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

	2018		2017	
	Profit $	Equity $	Profit $	Equity $
+/- 1% in interest rates (interest income)	3,379	3,379	3,655	3,655
+/- 1% in interest rates (interest expense)	-	-	-	-
	3,379	3,379	3,655	3,655

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

Coleraine & District Financial Services Limited
ABN 77 102 030 017
Director's Declaration

In accordance with a resolution of the Directors of Coleraine & District Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 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.

Grant Little

Director

Signed at Coleraine on 27 August 2018.

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF COLERAINE & DISTRICT FINANCIAL SERVICES LIMITED

Opinion

We have audited the financial report of Coleraine & District Financial Services Limited, which comprises the balance sheet as at 30 June 2018, and the comprehensive income statement, the cash flow statement, statement of changes in equity for the year then ended, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

In our opinion, the accompanying financial report of Coleraine & District Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis of Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Coleraine & District Financial Services Limited in accordance with 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, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist Coleraine & District Financial Services Limited. in complying with the to meet the requirements of the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors 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 controls 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.

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In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating 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 has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Coleraine & District Financial Services Limited's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coleraine & District Financial Services Limited's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by directors.
- Conclude on the appropriateness of director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Coleraine & District Financial Services Limited'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 Coleraine & District Financial Services Limited to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

McLaren Hunt

MCLAREN HUNT

AUDIT AND ASSURANCE

NARELLE MCLEAN

PARTNER

Dated at Warrnambool; 30 August 2018

Coleraine & District **Community Bank**® Branch
59 Whyte Street, Coleraine VIC 3315
Phone: 5575 2783 Fax: 5575 2826

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Phone: 5575 2783 Fax: 5575 2826
ABN: 77 102 030 017
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