

Barwon Heads Community Enterprise Limited

ABN 68 149 465 396



2019 Annual Report

Barwon Heads **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2019

It is with pleasure that I submit my Chairman's report for the financial year ending 30 June 2019.

In our seventh year of trading the Barwon Heads **Community Bank**[®] Branch has now contributed close to \$300,000 to the local community.

Shareholders will again receive a dividend after another strong financial performance in 2018/19.

Revenue from operating activities improved by \$23,000 or 2.5% more than last year. Operating expenses increased by \$57,000 with the major contribution being \$44,000 in extra grants to the community. Employee expenses contributed the balance of the increase during the year.

As a result, we have been able to deliver a net profit before tax of \$131,459 – \$57,000 less than the previous year due to the increase in grants and employee expenses.

The Board had a busy year with the LEN Talks and the Community Forum for the Legacy Project.

The idea for the LEN (Learning Exchange Network) was for the Barwon Heads **Community Bank**[®] Branch to showcase the knowledge of local Barwon Heads residents in their various areas of expertise. This year we conducted three talks on:

1. Obesity in the community
2. Renewable energy
3. Establishing an entrepreneurial business.

Attendance at these LEN Talks grew strongly as word spread of the engaging speakers and interesting topics.

The Barwon Heads **Community Bank**[®] Branch has gained great exposure from hosting these talks and hopefully that will translate into increasing business.

Recently the Barwon Heads **Community Bank**[®] Branch called for proposals for a community 'Legacy Project'.

The Board would like to support a project that requires significant 'seed' funding that potentially could be additionally funded by Council, State and Federal Governments.

12 proposals were received and six of these were chosen to present at a Community Forum. Our expectations were exceeded with nearly 80 people attending the forum. The audience was passionate and engaged with each project receiving several thoughtful questions. We look forward to progressing the successful project over the coming months.

This year (2018/19) sponsorship and community grants totalling \$59,351 (an increase of 27% over 2017/18) were provided to:

- | | |
|---|---|
| 1. Barwon Heads Football Netball Club | 8. Barwon Coast |
| 2. Barwon Heads Primary School | 9. Barwon Heads Bowls Club |
| 3. Barwon Heads Fine Music Society | 10. Barwon Heads Cricket Club |
| 4. Barwon Heads Soccer Club | 11. Barwon Heads Friends of the Library |
| 5. 13th Beach Board-riders Club | 12. Barwon Heads Community Gardens |
| 6. Barwon Heads Tennis Club | 13. Barwon Health Rehabilitation Centre |
| 7. Barwon Heads Ocean Grove Little Athletics Club | |

Amongst these grant recipients was the Barwon Heads Community Gardens who received their first ever grant.

The grant from the Barwon Heads **Community Bank**[®] Branch facilitated the connection of the gardens to year-round water supply through Barwon Water. A great initiative and appreciated by the 300 or so members of the Community Gardens.

Chairman's report (continued)

In addition to these community grants Barwon Heads **Community Bank**[®] Branch contributed \$63,000 to the Bendigo Bank Community Enterprise Foundation™. These funds can be put towards future worthy community projects (like a Legacy Project) in a relatively tax effective manner.

Shelley Mclean resigned after 16 months as our Branch Manager at the end of the financial year. She has taken on a Melbourne based role with Bendigo Bank. She was building strong networks within the community and overcome some challenging times to build a stable, friendly team. We thank her for her strong contribution to the Barwon Heads **Community Bank**[®] Branch and wish her luck with her future career with the Bank.

We were fortunate to be able to recruit an experienced Bank Manager in Kevin Hannam to replace Shelley. Kevin was Shelley's Manager at the Wallan & District **Community Bank**[®] Branch and comes to us with his most recent stint as Regional Manager for more than 12 **Community Bank**[®] branches. His experience with the **Community Bank**[®] model and his experience in building strong relationships within the local community augur well for a successful period at Barwon Heads **Community Bank**[®] Branch.

In closing I would like to acknowledge and thank all our shareholders. Without your support we would not have a **Community Bank**[®] branch in Barwon Heads and we hope our improved financial performance and provision of a fourth straight dividend is some reward for your patience.

We have an experienced Branch Manager in place and a stable, motivated team and we hope to continue to grow the bank to provide more funding to community groups and further reward shareholders.



Bruce Symons
Chairman

Manager's report

For year ending 30 June 2019

I am pleased to submit my second Annual Report as Branch Manager of Barwon Heads **Community Bank**® Branch.

The 2018/19 financial year has provided our local community another profitable and productive year. I am proud to have led our branch team to overall success. My aim this financial year was to build the business and develop our staff, all while forming strong relationships with our new and existing customers and our Board of Directors. I am very happy to report we have been able to achieve this.

Barwon Heads **Community Bank**® Branch grew its overall business to footings of \$130.5 million up \$5 million on last year. We had strong lending growth achieving well above target. This successful growth has allowed the Barwon Heads Community Enterprise Limited Board of Directors to contribute \$59,000 in new grants and sponsorship to local community organisations. A further \$63,000 has been deposited to the Community Enterprise Foundation™ for future projects. Barwon Heads **Community Bank**® Branch is in a strong position and will continue to significantly contribute to ongoing grants.

Barwon Heads Community Enterprise Limited has a dedicated and diverse Board of Directors, providing a broad range of experience and enthusiasm. They are trying new and varied ways to engage in our community. The success of the quarterly LEN Talks, led by the Business Development committee is testament to this, bringing our talented community members together in some very interesting and informative forums.

As this financial year has closed, so has my time as Manager at Barwon Heads. I am returning to work for Bendigo Bank within the Melbourne CBD as a Mobile Relationship Manager. As a result of the timing of my departure, the door for the Board to appoint a very experienced and well regarded Manager in Kevin Hannam has opened. Kevin brings a wealth of knowledge and experience in community banking and as a leader at Bendigo Bank. His appointment at Barwon Heads **Community Bank**® Branch will be an asset to the company. It is great to know that the new branch growth, structures, as well as training invested in our branch team will continue under Kevin's leadership.

In closing, thank you to Barwon Heads Board of Directors, especially to the Executive committee of Bruce Symons, David Halliday and Peter MacMillian, who have supported me so well over the 16 months. Thank you to the Regional Bendigo Bank team and especially to my dedicated branch team – your hard work, resilience and friendship has been such a positive part of my time at Barwon Heads. I look forward to hearing about your career progression.

I wish the Barwon Heads **Community Bank**® Branch's great customers and fantastic community the very best for the financial year ahead.



Shelley McLean
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2019

As a Bank of 160-plus years, we're proud to hold the mantle of Australia's fifth biggest bank. In today's banking environment it's time to take full advantage of this opportunity and for even more people to experience banking with Bendigo Bank and our way of banking, and with our **Community Bank®** partners.

In promoting our point of difference it's sometimes lost that although we're different, we're represented in more than 500 communities across Australia and offer a full suite of banking and financial products and services. In many ways we're also a leader in digital technology and meeting the needs of our growing online customer base, many of whom may never set foot in a traditional bank branch.

At the centre of our point of difference is the business model you chose to support as a shareholder that supports local communities. Whether you're a shareholder of our most recent **Community Bank®** branch which opened in Smithton, Tasmania, in June 2019, or you're a long-time shareholder who, from more than 20 years ago, you all play an important role. Your support has enabled your branch, and this banking model, to prosper and grow. You're one of more than 75,000 **Community Bank®** company shareholders across Australia who are the reason today, we're Australia's only bank truly committed to the communities it operates in.

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your **Community Bank®** company local Board of Directors.

Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

As a Bank, we're working hard to ensure that those who are not banking with us, and not banking with your **Community Bank®** branch, make the change. It really is a unique model and we see you, the shareholder, as playing a key role in helping us grow your local **Community Bank®** business. All it takes is a referral to your local Branch Manager. They'll do the rest.

We find that our customer base is a very loyal group. It's getting people to make the change that's the challenge. In today's environment, we've never had a better chance to convince people to make the change and your support in achieving this is critical.

From Bendigo and Adelaide Bank, once again, thank you for your ongoing support of your **Community Bank®** branch and your community.

We would also like to thank and acknowledge the amazing work of your branch staff and Directors in developing your business and supporting the communities that you live and work in.



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2019

Your directors submit the financial statements of the company for the financial year ended 30 June 2019.

Directors

The names and details of the company's directors who held office during or since the end of the financial year:

Bruce Anthony Symons

Chairman

Occupation: Consultant

Qualifications, experience and expertise: B Agr.Sc (Melb 2003, Masters (Swinburne 2013, AICD 2013. Established his own Organic Dairy business in early 2017. Previously spent five years as a CEO and prior to that performed with distinction in senior marketing and sales roles in the food industry in Australia and Asia. Roles have varied from running a very successful Dairy Co-operative to launching a new retail product into the Japanese market to managing the turn-around of a Pacific Island subsidiary. Bruce joined the Board at the end of 2015.

Special responsibilities: Chairman and Member Executive Committee

Interest in shares: 10,000

David John Halliday

Treasurer

Occupation: Financial Services

Qualifications, experience and expertise: David was previously a Chartered Accountant and partner in a Melbourne firm before moving to Echuca in 1986 to work in his own business. He semi-retired and moved to Barwon Heads 8 years ago. He now runs a number of small businesses from home focusing on the administration with operational managers based in Echuca. Until recently David was a Board Member of Echuca Community for the Aged. David has been a member of the Board since May 2016.

Special responsibilities: Treasurer and Member Executive Committee

Interest in shares: 15,000

Peter Alexander MacMillan

Secretary

Occupation: Tax / Accounting Consultant

Qualifications, experience and expertise: Fellow Chartered Accountants Australia & New Zealand. Post Grad Diploma-Financial Planning, Specialist Financial Planning. Established an Accounting Firm in Geelong 30 years ago and still is a consult to that firm. Previously worked for one of the now Big Four accounting practices for many years. Has resided in Barwon Heads for over 25 years. Peter's public roles include being on the board at Bethany and the former Brotherhood of St Laurence – Barwon Region as well as being Treasurer. Keen bike rider and part time golfer at BHGC. Peter joined the board in 2016.

Special responsibilities: Company Secretary and Executive Committee

Interest in shares: 5,000

Ross Kenneth Walter

Director

Occupation: Food / Operations - General Manager

Qualifications, experience and expertise: Holding a Bachelor of Business in Supply Chain Management, Ross has over 25 years' experience in operations, logistics, retailing, supply chain management, procurement and systems. He has held a number of General Management positions with logistics, liquor, healthcare, food wholesaling and FMCG companies with a key focus on business processes, business efficiency, integration of systems and holistic leadership. He has also held a range of positions in sporting and community groups including senior coaching roles, committee and chair. This included a position as a Board Director of Victorian Waterpolo Inc. Ross is involved in many local sporting clubs and groups including social AFL football, basketball, and supporting men's' health causes and charities. Ross has been a member of the Board since 2016.

Special responsibilities: Community Development Committee and Grants Committee

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Harriet Isabel Burton

Director

Occupation: Lawyer - Harwood Andrews

Qualifications, experience and expertise: Currently employed as a lawyer at Harwood Andrews in the position of associate in the business law team. Previously employed as a lawyer at Coulter Roache in the corporate and commercial team and as a lawyer at Holding Redlich in the personal injury team. Harriet holds a Bachelor of Laws from Deakin University and a Bachelor of Arts (Global) from Monash university.

Special responsibilities: Chair of the Grants Committee and WorkCover Board Representative

Interest in shares: Nil

Anita Joy Phillips

Director

Occupation: Dr. Deputy Director of Clinical Studies

Qualifications, experience and expertise: General Practitioner in Drysdale, Deputy Director Clinical Studies in the School of Medicine, Deakin University, Senior lecturer and researcher in Clinical Communication. Anita brings to the board experience in leadership, in the health and tertiary education sector. Member Barwon Health End of Life Expert Advisory Committee, iValidate Research and Education Faculty. Past community projects have involved Healthy Eating Hub Days for Barwon Heads Soccer Club. Aiming to bring guidance to community grants to improve community health and wellbeing.

Special responsibilities: Business Development Committee

Interest in shares: 4,700

Damien Patrick O'Malley

Director

Occupation: Consultant

Qualifications, experience and expertise: Founder and Senior Consultant of strategic HR consulting business and co-founder of strategic off-sites consulting business. Clients include commercial / non-for-profit organisations in health, hospitality, infrastructure, financial services, legal services & retail. Previous experience as senior HR practitioner in leading national business in financial services, directories, gambling & entertainment, aviation and retail. Masters of Human Resources Development (UTS), Bachelor of Arts (Adelaide University), accredited as Executive Coach and number of leadership, team and cultural diagnostics.

Special responsibilities: Business Development Committee

Interest in shares: Nil

Damien Jon Shaw

Director

Occupation: General Manager

Qualifications, experience and expertise: Holds a Bachelor of Economics (Banking and Finance) degree and an MBA from AGSM. Damien has held a variety of roles within the tourism and rental industries, from manufacturing, logistics, fleet, operations, franchise and general management roles over the past 20 years. Damien has a keen interest in sport especially now at local level with his children, AFL, Soccer, surfing and snow skiing to name a few. Damien joined the Barwon Heads Bendigo bank board in late 2017 and has lived in paradise (some people call it Barwon heads) for 9 years.

Special responsibilities: Business Development Committee

Interest in shares: 3,000

Directors' report (continued)

Directors (continued)

Jason Anthony Hutton

Director (*Appointed 24 July 2018*)

Occupation: Consultant

Qualifications, experience and expertise: Jason is currently a consultant IT Technical Architect and has over 25 years in the IT industry from system support and design to management. He moved to Barwon Heads ten years ago and has since been involved with various local community groups and is currently on the Barwon Heads Tennis Club committee. Jason has been a member of the board since July 2018.

Special responsibilities: Business Development Committee

Interest in shares: Nil

Margaret Christina Austin

Director (*Resigned 25 September 2018*)

Occupation: Retired Nat Bank Manager

Qualifications, experience and expertise: Apart from having extensive experience in the banking sector Marg is the past owner of Getaway Holiday Rentals Barwon Heads and a former office manager at Bellarine Sports and Recreational Centre. She is also a former owner and director of KFC in Geelong. Marg is also an active member of the community. She has been a committee member of the Barwon Heads Golf Club and past president of the Women's Committee. She has been an organiser of the Barwon Heads Easter Fair and an active member of the Barwon Heads Traders Association. Past member and player of the Barwon Heads Netball and Tennis Clubs.

Special responsibilities: Community Development and Grants Committee

Interest in shares: 1,000

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

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

Company Secretary

The company secretary is Peter MacMillan. Peter was appointed to the position of secretary in July 2017. Peter is a fellow of the institute of Chartered Accountants and a specialist financial planner. He has previously held board positions with St. Lawrence- Barwon and Bethany.

Principal Activities

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

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

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2019	Year ended 30 June 2018
\$	\$
95,308	136,538

Dividends

	Year ended 30 June 2019	
	Cents	\$
Fully franked dividend paid in the year	7	57,222

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Directors' report (continued)

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

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 except as disclosed in note 21 to the financial statements. 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.

Indemnification and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

Directors' meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

	Board Meetings Attended		Committee Meetings Attended					
			Community Development		Business Development		Executive	
	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>
Bruce Anthony Symons	12	10	-	-	-	-	11	11
David John Halliday	12	10	-	-	-	-	11	10
Peter Alexander MacMillan	12	9	-	-	-	-	11	10
Ross Kenneth Walter	12	6	7	6	1	1	-	-
Harriet Isabel Burton	12	7	8	6	1	-	-	-
Anita Joy Phillips	12	8	-	-	10	8	-	-
Damien Patrick O'Malley	12	10	-	-	10	10	-	-
Damien Jon Shaw	12	9	-	-	10	9	-	-
Jason Anthony Hutton (<i>Appointed 24 July 2018</i>)	12	11	-	-	9	8	-	-
Margaret Christina Austin (<i>Resigned 29 October 2018</i>)	3	3	3	3	-	-	-	-

A - eligible to attend

B - number attended

Directors' report (continued)

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Non audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

The board of directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Signed in accordance with a resolution of the board of directors at Barwon Heads, Victoria on 9 August 2019.



Bruce Anthony Symons, Chairperson

Auditor's independence declaration



Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Barwon Heads Community Enterprise Limited

As lead auditor for the audit of Barwon Heads Community Enterprise Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 9 August 2019

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

Financial statements

Barwon Heads Community Enterprise Limited Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	906,023	882,731
Employee benefits expense		(390,730)	(364,776)
Charitable donations, sponsorship, advertising and promotion		(137,790)	(93,602)
Occupancy and associated costs		(123,593)	(113,852)
Systems costs		(33,634)	(30,637)
Depreciation and amortisation expense	5	(24,161)	(25,593)
General administration expenses		(64,656)	(65,943)
Profit before income tax expense		131,459	188,328
Income tax expense	6	(36,151)	(51,790)
Profit after income tax expense		95,308	136,538
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		95,308	136,538
Earnings per share		¢	¢
Basic earnings per share	22	11.66	16.70

The accompanying notes form part of these financial statements.

Financial statements (continued)

Barwon Heads Community Enterprise Limited

Balance Sheet

as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	845,258	822,674
Trade and other receivables	8	68,097	66,474
Current tax asset	11	6,440	-
Total current assets		919,795	889,148
Non-current assets			
Property, plant and equipment	9	93,357	104,090
Intangible assets	10	100,479	113,907
Total non-current assets		193,836	217,997
Total assets		1,113,631	1,107,145
LIABILITIES			
Current liabilities			
Trade and other payables	12	39,866	48,568
Current tax liabilities	11	-	12,759
Provisions	13	10,471	10,704
Total current liabilities		50,337	72,031
Non-current liabilities			
Trade and other payables	12	14,975	28,942
Provisions	13	4,130	830
Deferred tax liabilities	11	3,074	2,313
Total non-current liabilities		22,179	32,085
Total liabilities		72,516	104,116
Net assets		1,041,115	1,003,029
EQUITY			
Issued capital	14	789,491	789,491
Retained earnings	15	251,624	213,538
Total equity		1,041,115	1,003,029

The accompanying notes form part of these financial statements.

Financial statements (continued)

Barwon Heads Community Enterprise Limited Statement of Changes in Equity for the year ended 30 June 2019

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017		789,491	126,047	915,538
Total comprehensive income for the year		-	136,538	136,538
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	20	-	(49,047)	(49,047)
Balance at 30 June 2018		789,491	213,538	1,003,029
Balance at 1 July 2018		789,491	213,538	1,003,029
Total comprehensive income for the year		-	95,308	95,308
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	20	-	(57,222)	(57,222)
Balance at 30 June 2019		789,491	251,624	1,041,115

The accompanying notes form part of these financial statements.

Financial statements (continued)

Barwon Heads Community Enterprise Limited Statement of Cash Flows for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		974,397	931,873
Payments to suppliers and employees		(844,559)	(751,073)
Interest received		18,169	14,545
Income taxes paid		(54,587)	(63,758)
Net cash provided by operating activities	16	93,420	131,587
Cash flows from investing activities			
Payments for intangible assets		(13,614)	(13,614)
Net cash used in investing activities		(13,614)	(13,614)
Cash flows from financing activities			
Dividends paid	20	(57,222)	(49,047)
Net cash used in financing activities		(57,222)	(49,047)
Net increase in cash held		22,584	68,926
Cash and cash equivalents at the beginning of the financial year		822,674	753,748
Cash and cash equivalents at the end of the financial year	7(a)	845,258	822,674

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2019

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates which are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Comparative figures

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

Application of new and amended accounting standards

There are two new accounting standards which have been issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 January 2018, and are therefore relevant for the current financial year.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The existing revenue recognition through the monthly Bendigo and Adelaide Bank Limited profit share provides an accurate reflection of consideration received in exchange for the transfer of services to the customer. Therefore based on our assessment this accounting standard has not materially affected any of the amounts recognised in the current period and is not likely to affect future periods.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)*AASB 9 Financial Instruments*

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *AASB 139 Financial Instruments: Recognition and Measurement*.

Based on our assessment this accounting standard has not had any impact on the carrying amounts of financial assets or liabilities at 1 July 2018. For additional information about accounting policies relating to financial instruments, see Note 1 k).

There are also a number of accounting standards and interpretations issued by the AASB that become effective in future accounting periods.

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2018. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases

Only AASB 16, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance, including *AASB 117 Leases* and related Interpretations. This standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

The company plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The company has assessed the estimated impact that initial application of AASB 16 will have on its financial statements. The actual impacts of adopting the standard on 1 July 2019 may change.

The company will recognise new assets and liabilities for operating leases of its branch. The nature of expenses related to these leases will now change as the company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the company recognised operating lease expense on a straight-line basis over the term of the lease.

No significant impact is expected for the company's finance leases.

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of \$786,580.

Economic dependency - Bendigo and Adelaide Bank Limited

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

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

Note 2. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)*Economic dependency - Bendigo and Adelaide Bank Limited (continued)*

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.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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

- the design, layout and fit out of the **Community Bank®** branch
- training for the branch manager 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
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

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

Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo and Adelaide Bank Limited decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)*Core banking products*

Bendigo and Adelaide Bank Limited has identified some Bendigo Bank Group products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- *plus* any deposit returns i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit,
- *minus* any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan.

For those products and services on which margin is paid, the company is entitled to a share of the margin earned by Bendigo and Adelaide Bank Limited (i.e. income adjusted for Bendigo and Adelaide Bank Limited's interest expense and interest income return). However, if this reflects a loss, the company incurs a share of that loss.

Products and services on which margin is paid include variable rate deposits and variable rate home loans.

Commission

Commission is a fee paid for products and services sold. It may be paid on the initial sale or on an ongoing basis. Commission is payable on the sale of an insurance product such as home contents. Examples of products and services on which ongoing commissions are paid include leasing and Sandhurst Trustees Limited products.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank Group entities including fees for loan applications and account transactions.

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank Limited has also made discretionary financial payments to the company. These are referred to by Bendigo and Adelaide Bank Limited as a "Market Development Fund" (MDF).

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations. It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)*Ability to change financial return*

Under the franchise agreement, Bendigo and Adelaide Bank Limited may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide Bank Limited earns revenue.

The change may be to the method of calculation of margin, the amount of margin, commission and fee income or a change of a margin to a commission or vice versa. This may affect the amount of revenue the company receives on a particular product or service. The effect of the change on the revenue earned by the company is entirely dependent on the change.

If Bendigo and Adelaide Bank Limited makes a change to the margin or commission on core banking products and services, it must not reduce the margin and commission the company receives on core banking products and services Bendigo and Adelaide Bank Limited attributes to the company to less than 50% (on an aggregate basis) of Bendigo and Adelaide Bank Limited's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank Limited may make.

Bendigo and Adelaide Bank Limited must give the company 30 days notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

Bendigo and Adelaide Bank Limited monitors the distribution of financial return between **Community Bank®** companies and Bendigo and Adelaide Bank Limited on an ongoing basis.

Overall, Bendigo and Adelaide Bank Limited has made it clear that the **Community Bank®** model is based on the principle of shared reward for shared effort. In particular, in relation to core banking products and services, the aim is to achieve an equal share of Bendigo and Adelaide Bank Limited's margin.

c) Income tax*Current tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or unrefunded).

Deferred tax

Deferred tax is accounted for using the balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)*Deferred tax (continued)*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or gain from a bargain purchase.

d) Employee entitlements

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

e) Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

f) Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

g) Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40	years
- plant and equipment	2.5 - 40	years

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

The renewal processing fee paid to Bendigo and Adelaide Bank Limited when renewing the franchise agreement has also been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

j) Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

k) Financial instruments*Recognition and initial measurement*

Financial instruments, incorporating financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

*Classification and subsequent measurement**(i) Financial liabilities*

Financial liabilities include borrowings, trade and other payables and non-derivative financial liabilities (excluding financial guarantees). They are subsequently measured at amortised cost using the effective interest rate method.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

(ii) Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

The company's trade and most other receivables are measured at amortised cost as well as deposits that were previously classified as held-to-maturity under AASB 139.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)*Classification and subsequent measurement (continued)*

A financial asset is subsequently measured at FVOCI if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and FVOCI's measurement condition are subsequently measured at FVTPL.

The company's investments in equity instruments are measured at FVTPL unless the company irrevocably elects at inception to measure at FVOCI.

*Derecognition**(i) Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at fair value through other comprehensive income;
- lease receivables;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)*Impairment (continued)*

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss, (ie diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

l) 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 recording 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 straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

n) Issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

o) Earnings per share

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

p) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash flows are included in the Statement of Cash Flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Note 2. Financial risk management

The company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the board of directors.

(i) Market risk

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history.

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited. Due to the reliance on Bendigo and Adelaide Bank Limited the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The most recent credit rating provided by the ratings agencies is as follows:

Ratings Agency	Long-Term	Short-Term	Outlook
Standard & Poor's	BBB+	A-2	Stable
Fitch Ratings	A-	F2	Stable
Moody's	A3	P-2	Stable

Based on the above risk ratings the company has classified Bendigo and Adelaide Bank Limited as low risk.

The company has performed a historical assessment of receivables from Bendigo and Adelaide Bank Limited and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo & Adelaide Bank Limited receivable as at 30 June 2019.

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

Expected credit loss assessment for other customers

The company has performed a historical assessment of the revenue collected from other customers and found no instances of default. As a result no impairment loss allowance has been made in relation to other customers as at 30 June 2019.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) 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 Balance Sheet.

In accordance with the franchise agreement, in any 12 month period, the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee 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 where 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 for the year ended 30 June 2019 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (*continued*)

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from carried-forward tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty. There is therefore a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the Statement of Profit or Loss and Other Comprehensive Income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment of assets

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the financial statements (continued)

Note 4. Revenue from ordinary activities	2019	2018
	\$	\$
Operating activities:		
- gross margin	666,260	639,254
- services commissions	126,834	130,224
- fee income	51,051	53,513
- market development fund	25,000	25,000
Total revenue from operating activities	<u>869,145</u>	<u>847,991</u>
Non-operating activities:		
- interest received	18,158	16,135
- rental revenue	18,720	18,605
Total revenue from non-operating activities	<u>36,878</u>	<u>34,740</u>
Total revenues from ordinary activities	<u>906,023</u>	<u>882,731</u>

Note 5. Expenses		
Depreciation of non-current assets:		
- plant and equipment	2,459	3,208
- leasehold improvements	8,274	8,957
Amortisation of non-current assets:		
- franchise agreement	2,232	2,232
- franchise renewal fee	11,196	11,196
	<u>24,161</u>	<u>25,593</u>
Bad debts	<u>93</u>	<u>324</u>

Note 6. Income tax expense		
The components of tax expense comprise:		
- Current tax	35,389	52,617
- Movement in deferred tax	762	(827)
	<u>36,151</u>	<u>51,790</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	131,459	188,328
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	36,151	51,790
Add tax effect of:		
- timing difference expenses	(762)	827
	<u>35,389</u>	<u>52,617</u>
Movement in deferred tax	11 762	(827)
	<u>36,151</u>	<u>51,790</u>

Notes to the financial statements (continued)

Note 7. Cash and cash equivalents	2019	2018
	\$	\$
Cash at bank and on hand	306,827	297,199
Term deposits	538,431	525,475
	<u>845,258</u>	<u>822,674</u>

Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand	306,827	297,199
Term deposits	538,431	525,475
	<u>845,258</u>	<u>822,674</u>

Note 8. Trade and other receivables

Trade receivables	58,607	53,729
Prepayments	3,635	3,475
Other receivables and accruals	5,855	9,270
	<u>68,097</u>	<u>66,474</u>

Note 9. Property, plant and equipment

Leasehold improvements		
At cost	144,378	144,378
Less accumulated depreciation	(61,131)	(52,857)
	<u>83,247</u>	<u>91,521</u>
Plant and equipment		
At cost	39,625	39,625
Less accumulated depreciation	(29,515)	(27,056)
	<u>10,110</u>	<u>12,569</u>
Total written down amount	<u>93,357</u>	<u>104,090</u>

Notes to the financial statements (continued)

Note 9. Property, plant and equipment <i>(continued)</i>	2019 \$	2018 \$
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	91,521	100,478
Less: depreciation expense	(8,274)	(8,957)
Carrying amount at end	<u>83,247</u>	<u>91,521</u>
Plant and equipment		
Carrying amount at beginning	12,569	15,777
Less: depreciation expense	(2,459)	(3,208)
Carrying amount at end	<u>10,110</u>	<u>12,569</u>
Total written down amount	<u>93,357</u>	<u>104,090</u>
Note 10. Intangible assets		
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
Franchise fee		
At cost	21,192	21,192
Less: accumulated amortisation	(15,832)	(13,600)
	<u>5,360</u>	<u>7,592</u>
Renewal processing fee		
At cost	55,961	55,961
Less: accumulated amortisation	(24,257)	(13,061)
	<u>31,704</u>	<u>42,900</u>
Redomicile fee		
At cost	63,415	63,415
	<u>63,415</u>	<u>63,415</u>
Total written down amount	<u>100,479</u>	<u>113,907</u>

Notes to the financial statements (continued)

Note 11. Tax	2019	2018
	\$	\$
Current:		
Income tax payable/(refundable)	<u>(6,440)</u>	<u>12,759</u>
Non-current:		
Deferred tax assets		
- accruals	798	770
- employee provisions	4,015	3,172
	<u>4,813</u>	<u>3,942</u>
Deferred tax liability		
- accruals	1,610	1,614
- property, plant and equipment	6,277	4,641
	<u>7,887</u>	<u>6,255</u>
Net deferred tax liability	<u>(3,074)</u>	<u>(2,313)</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>761</u>	<u>(827)</u>
Note 12. Trade and other payables		
Current:		
Other creditors and accruals	<u>39,866</u>	<u>48,568</u>
Non-Current:		
Other creditors and accruals	<u>14,975</u>	<u>28,942</u>
Note 13. Provisions		
Current:		
Provision for annual leave	<u>10,471</u>	<u>10,704</u>
Non-Current:		
Provision for long service leave	<u>4,130</u>	<u>830</u>
Note 14. Issued capital		
817,464 ordinary shares fully paid (2018: 817,464)	817,464	817,464
Less: equity raising expenses	(27,973)	(27,973)
	<u>789,491</u>	<u>789,491</u>

Notes to the financial statements (continued)

Note 14. Issued capital (*continued*)

Rights attached to shares

(a) *Voting rights*

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the **Community Bank®** branch have the same ability to influence the operation of the company.

(b) *Dividends*

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) *Transfer*

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 241. As at the date of this report, the company had 266 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, are suspended.

Notes to the financial statements (continued)

Note 14. Issued capital (continued)

Prohibited shareholding interest (continued)

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 15. Retained earnings	2019	2018
	\$	\$
Balance at the beginning of the financial year	213,538	126,047
Net profit from ordinary activities after income tax	95,308	136,538
Dividends provided for or paid	(57,222)	(49,047)
Balance at the end of the financial year	<u>251,624</u>	<u>213,538</u>

Note 16. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	95,308	136,538
Non cash items:		
- depreciation	10,733	12,165
- amortisation	13,428	13,428
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(1,623)	(24,427)
- increase/(decrease) in payables	(9,057)	513
- increase/(decrease) in provisions	3,067	5,338
- increase/(decrease) in current tax liabilities	(18,436)	(11,968)
Net cash flows provided by operating activities	<u>93,420</u>	<u>131,587</u>

Notes to the financial statements (continued)

Note 17. Leases	2019	2018
	\$	\$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	95,343	92,566
- between 12 months and 5 years	214,521	300,842
	<u>309,864</u>	<u>393,408</u>

The property lease on the branch premises is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The term of the lease was extended by exercising the option of the second five year term on 5 September 2017. A further five year term option is available.

Note 18. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,600	4,400
- share registry services	3,929	6,459
- non audit services	2,430	2,430
	<u>10,959</u>	<u>13,289</u>

Note 19. Director and related party disclosures

The names of directors who have held office during the financial year are:

Bruce Anthony Symons
David John Halliday
Peter Alexander MacMillan
Ross Kenneth Walter
Harriet Isabel Burton
Anita Joy Phillips
Damien Patrick O'Malley
Damien Jon Shaw
Jason Anthony Hutton (*Appointed 24 July 2018*)
Margaret Christina Austin (*Resigned 25 September 2018*)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Notes to the financial statements (continued)

Note 19. Director and related party disclosures (continued)

Directors Shareholdings	2019	2018
Bruce Anthony Symons	10,000	10,000
David John Halliday	15,000	-
Peter Alexander MacMillan	5,000	5,000
Ross Kenneth Walter	-	-
Harriet Isabel Burton	-	-
Anita Joy Phillips	4,700	-
Damien Patrick O'Malley	-	-
Damien Jon Shaw	3,000	3,000
Jason Anthony Hutton (<i>Appointed 24 July 2018</i>)	-	-
Margaret Christina Austin (<i>Resigned 25 September 2018</i>)	1,000	1,000

There was movement in directors shareholdings during the year.

Note 20. Dividends provided for or paid	2019	2018
	\$	\$

a. Dividends paid during the year

Current year dividend		
100% (2018: 100%) franked dividend - 7 cents (2018: 6 cents) per share	57,222	49,047

The tax rate at which dividends have been franked is 27.5% (2018: 27.5%).

b. Franking account balance

Franking credits available for subsequent reporting periods are:

- franking account balance as at the end of the financial year	140,846	107,963
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	(6,440)	12,759

Franking credits available for future financial reporting periods:	134,406	120,722
Net franking credits available	134,406	120,722

Note 21. Key management personnel disclosures

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Community Bank® Directors' Privileges Package

The board has adopted the **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 **Community Bank®** branch at Barwon Heads, Victoria. There is no requirement to own BEN 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 total benefits received by the directors from the Directors' Privilege Package are \$200 for the year ended 30 June 2019 (2018: \$nil).

Notes to the financial statements (continued)

Note 22. Earnings per share	2019	2018
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	95,308	136,538
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	817,464	817,464

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Barwon Heads, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered office/Principal place of business

The entity is a company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office
70 Hitchcock Avenue
Barwon Heads VIC 3227

Principal Place of Business
70 Hitchcock Avenue
Barwon Heads VIC 3227

Notes to the financial statements (continued)

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

The table below reflects the undiscounted contractual settlement terms for all financial instruments, as well as the settlement period for instruments with a fixed period of maturity and interest rate.

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	306,827	297,199	538,431	525,475	-	-	-	-	-	-	2.13	1.99
Receivables	-	-	-	-	-	-	-	-	58,607	53,729	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	N/A	N/A

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the balance sheet and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Interest Rate Risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from the interest bearing financial assets and liabilities in place subject to variable interest rates, as outlined above.

Sensitivity Analysis

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in interest rates.

As at 30 June 2019, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2019	2018
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	8,453	8,227
Decrease in interest rate by 1%	(8,453)	(8,227)
Change in equity		
Increase in interest rate by 1%	8,453	8,227
Decrease in interest rate by 1%	(8,453)	(8,227)

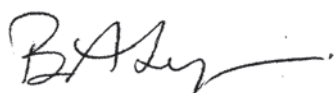
Directors' declaration

In accordance with a resolution of the directors of Barwon Heads Community Enterprise Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



Bruce Anthony Symons, Chairperson

Signed on the 9th of August 2019.

Independent audit report



Chartered Accountants

61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

Independent auditor's report to the members of Barwon Heads Community Enterprise Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Barwon Heads Community Enterprise 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 2019 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards.

What we have audited

Barwon Heads Community Enterprise Limited's (the company) financial report comprises the:

- ✓ Statement of profit or loss and other comprehensive income
- ✓ Balance sheet
- ✓ Statement of changes in equity
- ✓ Statement of cash flows
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the company.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information

The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

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Independent audit report (continued)

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that it 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 is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 9 August 2019



Joshua Griffin
Lead Auditor

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