

**Bentley & Districts Community Financial
Services
Limited**

ABN: 99 109 035 967

Financial Report

For the year ended 30 June 2019

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**Bentley & Districts Community Financial Services
Limited
ABN 99 109 035 967**

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

Directors

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

Mike Irving (Appointed 30/06/19)

Position	Chairperson appointed 30/06/19 Director since 24/02/2017
Professional qualifications	Bachelors (Biology)
Experience and expertise	Business coach and founder of Advanced Business Abilities.

Aine Healy Carter (Appointed 24/2/2017)

Position	Director & Treasurer.
Professional qualifications	MBA, Grad Cert in Business
Experience and expertise	Service improvement project manager at Serco.

Mark Perger (Appointed 28/4/2017)

Position	Director.
Professional qualifications	MBA, B Bus (Agric)(Hons), GAICD
Experience and expertise	Managing Director of telecommunications service provider.

Lina Barbato Appointed (28/4/2017)

Position	Director.
Professional qualifications	B. Bus
Experience and expertise	Director of corporate services and CFO at Healthway. Board member of Advocare.

Dominic Reynolds

Position	Director and Company Secretary
Professional qualifications	Diploma of Science, MBA
Experience and expertise	16 years in forensic lab at ChemCentre, Manager of Forensic Chemistry

Greg Preston (Resigned 30/06/19)

Position	Director
Professional qualifications	Bachelor of Arts (Political Science, Public Policy and Economics), Masters (International Relations and National Security)
Experience and expertise	16 years in forensic lab at ChemCentre, Manager of Forensic Chemistry

Peter Lam (Resigned 30/06/19)

Position	Chairman
Professional qualifications	Bachelor of Commerce (Accounting & Financial Planning), CFP, MIPA, MBA
Experience and expertise	Senior Accountant and Financial Planner, director of Bright Skies Careers Ltd.

**Bentley & Districts Community Financial Services
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Directors (continued)

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

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

Directors' meetings

Attendances by each Director during the year were as follows:

Board meetings		
Director	A	B
Peter Lam	9	8
Aine Healy Carter	9	7
Mark Perger	9	6
Lina Barbato	9	4
Greg Preston	9	3
Mike Irving	9	8
Dominic Reynolds	9	0
A - The number of meetings eligible to attend.		
B - The number of meetings attended.		
N/A - not a member of that committee.		

Company Secretary

Dominic Reynolds has been the Company Secretary of Bentley & Districts Community Financials Services Limited since November 2015.

Dominic's background holds a high degree of analytical expertise and governance supported by 16 years in forensic lab at ChemCentre, current position Manager of Forensic Chemistry.

Principal activities

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

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

Review of operations

The profit/(loss) of the company for the financial year after provision for income tax was (\$ 7,887) (2018: \$17,418)

Dividends

No dividend has been declared or paid for the year ended 30 June 2019.

Options

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

Significant changes in the state of affairs

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

Bentley & Districts Community Financial Services Limited
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Directors' report

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 4 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Bentley on 31/10/2019



Mike Irving
Chairman

Chairperson's Report

For year ending 30th June 2019

As the newly appointed chair of Bentley & Districts Community Financial Serviced Limited I am pleased to report positive change in our company. We have 3 new team members, a developing Branch Manager, and a positive forward view for our operations. The performance by our Bentley **Community Bank**[®] branch in the last 12 months reflects changes occurring.

Overall business decreased by \$9.38M, mainly due to one large deposit being withdrawn in June, which had almost no effect to trading income for the year. The appointment of Ally McDonnell our branch manager has proven to be a positive decision for the company. Ally has only been with us for 19 months but has settled into her new role extremely well and with her branch team of Liz, Belinda, and now Sebastian and Haylee, are starting to see positive results from their hard work.

That being said, we fully understand the challenges in relation to market conditions, pressure on the banking industry and strong competition in the marketplace. However, remain convinced we have a value proposition offering much more than just simply product, price or service. As a board of directors we will be working harder than ever to promote our value proposition and reach out to more of our community to support Ally and her team to be even more successful into the future.

To those directors who retired from the board during the year we thank you all for your effort and contribution, particular thanks to Peter Lam for his contribution over a long period.

To our current board of volunteer directors, Aine Carter, Lina Barbato and Mark Perger, thank you for your ongoing commitment, support and energy you bring to the business.

Finally, I would like to thank and acknowledge our shareholders and our customers for your ongoing support. Without you, we would not exist.

While we have not been able to reward our shareholders to date, we are committed to changing this situation. So if you don't bank with us, if your family doesn't bank with us, if your friends don't bank with us, simply ask them to contact Ally or her team and let's see if they can help.

The **Community Bank**[®] model is very simple - the more who bank with us, the more profit we can make, the more we can reinvest back into our community. So please help us to support our community.



31 / 10 / 2019

Mike Irving
Chairperson

**Bentley & Districts Community Financial Services
Limited**
**Statement of Profit or Loss and Other Comprehensive
Income for the year ended 30 June 2019**

	Notes	2019 \$	2018 \$
Revenue	2	494,939	480,272
Expenses			
Employee benefits expense	3	(299,136)	(273,024)
Depreciation and amortisation	3	(14,428)	(14,428)
Finance costs	3	(21,049)	(19,082)
Bad and doubtful debts expense	3	(103)	(1,007)
Occupancy expenses		(57,728)	(59,726)
IT costs		(20,089)	(24,272)
Insurance		(12,972)	(7,583)
Other expenses		(77,321)	(63,732)
		<u>(502,826)</u>	<u>(462,854)</u>
Operating profit / (loss) before charitable donations and sponsorships		(7,887)	17,418
Charitable donations and sponsorships		-	-
Profit / (loss) before income tax		(7,887)	17,418
Income tax expense / benefit	4	-	-
Profit/(loss) for the year		(7,887)	17,418
Other comprehensive income		-	-
Total comprehensive income for the year		(7,887)	17,418
Profit / (loss) attributable to members of the company		(7,887)	17,418
Total comprehensive income attributable to members of the company		(7,887)	17,418
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	17	(0.89%)	1.97%

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

**Bentley & Districts Community Financial Services
Limited
Statement of Financial
Position as at 30 June 2019**

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	5	1,707	1,707
Trade and other receivables	6	39,462	43,845
Other assets	7	5,224	
			5,135
Total current assets		46,394	50,687
Non-current assets			
Property, plant and equipment	8	527	702
Intangible assets			-
Total non-current assets		527	702
Total assets		46,921	51,389
Liabilities			
Current liabilities			
Trade and other payables	9	16,720	79,684
Borrowings	10	540,368	479,834
Provisions	11	10,137	
			4,289
Total current liabilities		567,225	563,807
Non-current liabilities			
Trade and other payables	9	-	-
Total non-current liabilities		-	-
Total liabilities		567,225	563,807
Net liabilities		(520,304)	(512,418)
Equity			
Issued capital	12	886,710	886,710
Retained earnings / Accumulated losses	13	(1,407,014)	(1,399,128)
Total equity		(520,304)	(512,418)

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

**Bentley & Districts Community Financial Services
Limited
Statement of Changes in
Equity for the year ended
30 June 2019**

	Issued capital \$	Accumulate d losses \$	Total equity \$
Balance at 1 July 2017	886,710	(1,416,546)	(529,836)
Profit for the year	-	17,418	17,418
Total comprehensive income for the year	-	17,418	17,418
Balance at 30 June 2018	<u>886,710</u>	<u>(1,399,128)</u>	<u>(512,418)</u>
Balance at 1 July 2018	886,710	(1,399,128)	(512,418)
Profit/(loss) for the year	-	(7,887)	(7,887)
Total comprehensive income for the year	-	(7,887)	(7,887)
Balance at 30 June 2019	<u><u>886,710</u></u>	<u><u>(1,407,015)</u></u>	<u><u>(520,304)</u></u>

Bentley & Districts Community Financial Services Limited
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Statement of Cash Flows
for the year ended 30 June 2019

	Note	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		499,322	471,867
Payments to suppliers and employees		(538,806)	(424,608)
Interest paid		(21,049)	(19,082)
Net cash provided by / (used in) operating activities	18b	(60,533)	28,177
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(877)
Purchase of intangible assets		-	-
Net cash flows used in investing activities		-	(877)
Net increase / (decrease) in cash held		(60,533)	27,300
Cash and cash equivalents at beginning of financial year		(478,127)	(505,427)
Cash and cash equivalents at end of financial year	18a	(538,660)	(478,127)

These financial statements should be read in conjunction with the accompanying notes
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Bentley & Districts Community Financial Services Limited
ABN 99 109 035 967
Notes to the Financial Statements
for the year ended 30 June 2019

1. Summary of significant accounting policies

Bentley & Districts Community Financials Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 31 October 2019.

The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. The general purpose financial statements have been prepared in accordance with Australian Accounting Standards- reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and the significant accounting policies disclosed below, which the director has determined are appropriate to meet the needs of the members. The financial statements are presented in Australian dollars, the functioning and presentation currency of the company. Amounts in the financial statements have been rounded to the nearest dollar, unless otherwise stated. The following is a summary of the material accounting policies adopted in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

Reporting basis and Conventions

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

Economic dependency

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

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

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

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

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

1. Summary of significant accounting policies (continued)

Going concern

The directors are satisfied that the company will be able to continue as a going concern and will be able to meet any future obligations.

Accounting Policies

(a) Property, Plant & Equipment

Each class of property, plant and equipment are carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

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

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on prime cost (straight line) or diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

(b) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

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

Employee benefits provision

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

1. Summary of significant accounting policies (continued)

Income tax

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

Impairment

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

(c) Revenue and Other Income

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

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

Rendering of services

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

(d) Income Tax

The income tax expense for the year comprises current income tax expense and deferred tax expense. Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

1. Summary of significant accounting policies (continued)

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(g) Cash and cash equivalents

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

(h) Trade and other receivables

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

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

(i) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(j) Financial liabilities

Classification of financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Measurement of financial liabilities

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

1. Summary of significant accounting policies (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(k) Provisions

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(l) New and amended accounting policies adopted by the company

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

(m) Comparative figures

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

(n) New accounting standards for application in future periods

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

1. Summary of significant accounting policies (continued)

Impact of adoption

AASB9 and AASB15 (which make amendments to AASB 101) were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no material impact on the financial statements due to adoption of these new accounting standards.

(o) New accounting Standards and Interpretations not yet mandatory or early adopted

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

AASB 16:

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

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

Bentley & Districts Community Financial Services Limited
ABN 99 109 035 967
Notes to the Financial Statements
for the year ended 30 June 2019

2. Revenue

Rendering of services

All revenue is stated net of the amount of goods and services tax (GST).

	2019	2018
	\$	\$
Revenue		
- service commissions	494,939	480,272
Total revenue	494,939	480,272

3. Expenses

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

<i>Class of asset</i>	<i>Rate</i>	<i>Method</i>
Computer Software	20%	SL
Leasehold improvements	20%	SL
Plant & Equipment	20%	SL
Furniture & Fittings	10-20%	SL
<i>SL = Straight line depreciation</i>		

3. Expenses (continued)Notes to the Financial Statements
for the year ended 30 June 20192019
\$2018
\$

Profit before income tax includes the following specific expenses:

Employee benefits expense

- wages and salaries

266,693

234,243

- superannuation costs

25,284

24,039

- other costs

7,159

14,742

299,136**273,024**

Depreciation and amortisation

Depreciation

- plant & equipment

-

-

- leasehold improvements

-

-

- furniture & fittings

-

-

- computer equipment

175

175

175

175

Amortisation

- franchise fees

14,253

14,253

Total depreciation and amortisation

14,428**14,428**

Finance costs

- Interest paid

21,049

19,082

Bad and doubtful debts expenses

103

1,007

Auditors' remuneration

Remuneration of the Auditor, Richmond, Sinnott & Delahunty, for:

- Audit or review of the financial report

8,282

3,323

- Accounting services

1,818

3,360

10,100**6,683****4. Income tax**2019
\$2018
\$**a. Prima facie tax payable**The prima facie tax on profit / (loss) from ordinary activities
before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit / (loss) before income tax at 27.5% (2017: 27.5%)

-

4,876

Add tax effect of:

- Utilisation of previously unrecognised carried forward tax losses

-

(4,876)

- Under / (over) provision of prior years

-

-

Income tax attributable to the entity

-

-

The applicable weighted average effective tax rate is:

0.00%

0.00%

b. Deferred tax assetsThe directors have determined they will not recognise deferred tax assets until it is probable that future
taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Total carried forward tax losses not recognised as deferred tax assets:

1,287,504

Bentley & Districts Community Financial Services Limited

ABN 99 109 035 967

**Notes to the Financial Statements
for the year ended 30 June 2019**

5. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at hand	1,501	990
Bendigo bank A/c No. 2990	206	206
Bendigo bank A/c No. 8571	-	511
	<hr/> 1,707	<hr/> 1,707

6. Trade and other receivables

	2019	2018
	\$	\$
Current		
Other receivables	39,462	43,845
	<hr/> 39,462	<hr/> 43,845

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

7. Other Assets

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

	2019	2018
	\$	\$
Prepayments	5,224	5,135
	<hr/> 5,224	<hr/> 5,067

8 Property, plant and equipment

	2019	2018
	\$	\$
<i>Computer Equipment</i>		
At cost	877	877
Less accumulated depreciation	-350	-175
	<hr/> -	<hr/>
Total property, plant and equipment	<hr/> 527	<hr/> 702

Bentley & Districts Community Financial Services Limited
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for the year ended 30 June 2019

9. Trade and other payables

	2019	2018
	\$	\$
Current		
<i>Unsecured liabilities:</i>		
Trade creditors	-	-
Accrued Expense	5,365	7,889
Franchise Fee Payable	-	-
ATO Liability	11,355	71,795
	<u>16,720</u>	<u>79,684</u>

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

10. Borrowings

	2019	2018
	\$	\$
Current		
<i>Unsecured liabilities</i>		
Bank overdraft	540,368	479,834
	<u>540,368</u>	<u>479,834</u>

(a) Bank overdraft and bank loans

The company has an overdraft facility of \$575,000 (2018: \$575,000) which is subject to normal commercial terms and conditions with the Bendigo and Adelaide Bank Limited.

11. Provisions

	2019	2018
	\$	\$
Current		
Employee benefits	10,137	4,289
	<u>10,137</u>	<u>4,289</u>

12. Share capital

Ordinary shares are classified as equity.

	2019	2018
	\$	\$
886,710 Ordinary shares fully paid	886,710	886,710
	<u>886,710</u>	<u>886,710</u>
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	886,710	886,710
Shares issued during the year	-	-
At the end of the reporting period	<u>886,710</u>	<u>886,710</u>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

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12. Share capital (continued)

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

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

- (i) the Distribution Limit is the greater of:
 - (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
 - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

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

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

13. Accumulated losses

	2019	2018
	\$	\$
Balance at the beginning of the reporting period	(1,399,128)	(1,416,546)
Profit/(loss) after income tax	(7,887)	17,418
Balance at the end of the reporting period	(1,407,014)	(1,399,128)

14. Dividends paid or provided for on ordinary shares

No dividends were paid or proposed by the company during the period.

15. Earnings Per share

Basic Earnings per share (cents)	(0.89)	1.97
Earnings used in calculating basic earnings per share	(7,887)	17,418
Weighted average number of ordinary shares used in calculating basic earnings per share	886,710	886,710

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16. Statement of cash flows

	2019 \$	2018 \$
(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:		
Cash and cash equivalents (Note 5)	1,707	1,707
Less bank overdraft (Note 10)	(540,368)	(479,834)
As per the Statement of Cash Flow	<u>(538,661)</u>	<u>(478,127)</u>
(b) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	(7,889)	17,729
Non-cash flows in profit		
- Depreciation	175	175
- Amortisation	-	-
- Bad debts	103	1,007
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	4,383	(8,404)
- (increase) / decrease in prepayments and other assets	(89)	(68)
- Increase / (decrease) in trade and other payables	(63,063)	4,249
- Increase / (decrease) in provisions	5,847	(9,506)
Net cash flows from / (used in) operating activities	<u>(60,533)</u>	<u>(5,182)</u>

(c) Credit standby arrangement and loan facilities

The company has a bank overdraft and commercial bill facility amounting to \$575,000 (2018: \$575,000). This may be terminated at any time at the option of the bank. At 30 June 2019, \$540,368 of this facility was used (2018: \$479,834). Variable interest rates apply to those overdraft and bill facility.

17. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

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

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods / services provided	Value \$
Agrurion (Peter Lam)	Accounting Services	1,818

(e) Key management personnel shareholdings

The number of ordinary shares in Bentley & Districts Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2019	2018
Peter Lam (Resigned 30/6/19)	-	-
Aine Healy Carter (Appointed 24/2/17)	-	-
Mark Perger (Appointed 28/4/17)	-	-
Lina Barbato (Appointed 28/4/17)	-	-
Greg Preston (Resigned 30/6/19)	-	-
Mike Irving (Appointed 24/2/17)	-	-
Dominic Reynolds	-	-

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

(d) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

18. Events after the reporting period

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

19. Contingent liabilities and contingent assets

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

20. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Bentley, WA. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2018: 100%).

21. Commitments**Operating lease commitments**

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

	2019	2018
	\$	\$
Payable:		
- no later than 12 months	-	62,978
- between 12 months and five years	-	149,573
- greater than five years		-
Minimum lease payments	-	212,551

The property is been leased has not been finalised with discussions still in progress. The premises are being leased on a month-to-month basis. No commitment has been made at the time of the signing-off of the financial statements on the 31 October 2019.

22. Company details

The registered office and principle place of business is 9/940 Albany Highway, East Victoria Park WA 6981

23. Financial risk management***Financial risk management policies***

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

Specific financial risk exposure and management

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

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

	2019	2018
	\$	\$
Financial assets		
Cash and cash equivalents	5 1,707	1,707
Trade and other receivables	6 39,462	43,845
Total financial assets	41,169	45,552
Financial liabilities		
Trade and other payables	9 5,365	7,889
Bank overdraft	10 540,368	479,834
Total financial liabilities	545,732	487,723

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

23. Financial risk management (continued)**(a) Credit risk (continued)**

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

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

Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition the company has established an overdraft facility of \$575,000 (2018: \$525,000) with Bendigo and Adelaide Bank Limited. The undrawn amount of this facility is \$34,632.45. (2018: \$45,166).

The table below reflects an undiscounted contractual maturity analysis for financial liabilities. The Bank overdraft facility is subject to annual review, may be drawn at any time, and may be terminated by the bank without notice. Therefore the balance of the overdraft facility outstanding at year end could become repayable within 12 months.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2019	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
Cash and cash equivalents	0%	1,707	1,707	-	-
Trade and other receivables	0%	39,462	39,462	-	-
Total anticipated inflows		41,469	41,469	-	-
Financial liabilities					
Trade and other payables	0%	5,365	5,365	-	-
Bank overdraft *	3.83%	540,368	540,368	-	-
Total expected outflows		545,732	545,732	-	-
Net inflow / (outflow) on financial instruments		(504,263)	(504,263)	-	-

23. Financial risk management (continued)**(b) Liquidity risk (continued)**

30 June 2018	Weighted average interest rate %	Total \$	Within 1 year \$	1 to 5 years \$	Over 5 years \$
Financial assets					
Cash and cash equivalents	0%	1,707	1,707		-
Trade and other receivables	0%	43,845	43,845		-
Total anticipated inflows		45,552	45,552		-
Financial liabilities					
Trade and other payables	0%	7,889	7,889		-
Bank overdraft *	3.83%	479,834	479,834		-
Total expected outflows		487,723	487,723		-
Net inflow / (outflow) on financial instruments		(442,171)	(442,171)		-

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

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

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

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

Sensitivity analysis

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

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

	Profit \$	Equity \$
Year ended 30 June 2019		
+/- 1% in interest rates (interest income)	-	-
+/- 1% in interest rates (interest expense)	4,732	4,732
	<u>4,732</u>	<u>4,732</u>
Year ended 30 June 2018		
+/- 1% in interest rates (interest income)	12	12
+/- 1% in interest rates (interest expense)	4,798	4,798
	<u>4,810</u>	<u>4,810</u>

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

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Financial risk management (continued)**(e) Fair values**

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position.

Differences between fair values and the carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	2019		2018	
	Carrying amount \$	Fair value \$	Carrying amount \$	Fair Value \$
Financial assets				
Cash and cash equivalents (i)	1,707	1,707	1,707	1,707
Trade and other receivables (i)	39,462	39,462	43,845	43,845
Total financial assets	41,169	41,169	45,552	45,552
Financial liabilities				
Trade and other payables (i)	5,385	5,385	7,889	7,889
Bank overdraft	540,367	540,367	479,834	478,834
Total financial liabilities	545,732	545,732	487,723	487,723

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

24. Going Concern

As at 30 June 2019, the company has a working capital deficiency of \$520,831 (2018: \$513,120) and a negative equity balance of \$520,304 (2018: \$ 512,418), raising concerns about the company's ability to continue as a going concern.

For the year, the entity recognised a profit/ (loss) before tax of (\$7,887) (2018: \$17,418).

The company meets its day-to-day working capital requirements through an overdraft facility with an approved limit of \$575,000. This facility was drawn to \$540,368 as at 30 June 2019.

Bendigo and Adelaide Bank Limited has confirmed that it will continue to support the company and its operations for the 2019/20 financial year and beyond through the provision of an overdraft facility on normal commercial terms and conditions to assist with working capital requirements. The support is provided on the basis that the company continues to comply with the franchise agreement and the overdraft facility conditions.

The directors will continue to review the growth and cash flow forecasts throughout 2019/20, and continue to implement actions required in the special conditions of the overdraft facility.

Based on the above, and after making additional enquiries, the directors believe that it is reasonably foreseeable that the company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

**Bentley & Districts Community
Financial Services Limited**

ABN 99 109 035 967

Directors' Declaration

In accordance with a resolution of the Directors of Bentley & Districts Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 1 to 26 are in accordance with the Corporations Act 2001 and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2019 and of the performance for the year ended on that date;
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Mike Irving
Chairman



Signed at Bentley on 31/10/2019

DIRECTORS:

ROBERT CAMPBELL CA, CPA, RCA, GAICD

VIRAL PATEL CA, CPA, RCA

ALASTAIR ABBOTT CA, RCA, MAICD, M.FORENSIC ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BENTLEY & DISTRICTS COMMUNITY FINANCIAL SERVICES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there has been:

(i) no contraventions of the auditor independence requirements as set out in 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.

Dated this 31st day of October 2019



Viral Patel, CA, CPA

Registered Company Auditor number 333615

Director

Australian Audit



INDEPENDENT AUDITOR'S REPORT

To the members of Bentley & Districts Community Financial Services Limited

Opinion

We have audited the financial report of Bentley & Districts Community Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2019, the statement of profit & loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the Board of Directors.

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

- giving a true and fair view of the company's financial position as at 30 June 2019, and of its performance for the year then ended; and
- complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Emphasis of Matter – Material uncertainty relating to Going Concern

We draw attention to Note 24 in the financial report which indicates that the Company's current liabilities exceed its current assets. The working capital deficiency as at 30 June 2019 is \$520,831. As at 30 June 2019, there is a negative equity balance of \$520,304. The directors believe that the actions taken and planned actions to be taken since the balance date will mean the organisation has the ability to raise additional funds as and when required to pay its debts as and when they become due and payable.



Responsibilities of Management and Those Charged with Governance for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Viral Patel, CA, CPA

Registered Company Auditor number 333615

Director

Australian Audit

Date: 31 October 2019