Caloundra City
Community Support
Services Limited

ABN 76 122 651 969

2019
Annual Report

Caloundra Community Bank Branch

Contents

Chairman’s report

For year ending 30 June 2019

Another year has slipped by – how time flies.

This year we said farewell to some Directors and staff and welcomed new faces to our diverse and highly experienced Board and branch team. We thank everyone for their wonderful contributions to our business and we have always been very lucky in attracting top calibre people to help us serve our customers and support our community.

The two Directors who have left us are Donna Savill and Secretary, Karolyn Keogh. Donna and her family relocated to the Gold Coast while Karolyn has decided to focus more of her time on family and business. We were delighted to welcome Ann Sutherland to our Board in February 2019. Ann is a lawyer with extensive international experience. Ann and her husband returned to Australia late last year to live in Caloundra and we appreciate her willingness to serve on the Board.

Late last year we welcomed Angela Forster to the position of Customer Relationship Manager. Angela has added to the wonderful service offered by our staff. Our Senior Customer Service Officer Sheena Bartlett also moved interstate a few months ago and took up a position with Bendigo and Adelaide Bank Limited in Bendigo. We also welcomed Casey Power to our staff who came from North Queensland to be with us at Caloundra. We consider our branch team to be one of the best in the business and look forward to them carrying our business forward in 2020.

We continue to sponsor local sporting teams across netball, rugby union, soccer and cricket in Caloundra and neighbouring suburbs. Sponsoring grassroots sport gives us the opportunity to play an active role in promoting and encouraging healthy lifestyles which is especially important for our kids today. We also sponsor Dicky Beach Surf Club, Caloundra Electorate Community Awards, Caloundra Chamber of Commerce (Breakfast of Champions), Caloundra Triathlon Club which this year launched the hugely successful Race the Roo event, QuoCKa Reading program at Caloundra and Currimundi State Schools, Caloundra Rotary Club, Windandsea Surf Club, Caloundra Men’s Shed, Island Charity Swim (supporting Currimundi Special School) and Queensland Air Museum.

We continue to grow our customer numbers year-on-year however I strongly encourage you, our shareholders, to continue supporting our company with your personal and business banking. I also urge you to discuss our bank services with family and friends who may be considering a bank that will provide them with personalised service who can meet their needs. Please encourage them to come in and experience that special service which is always available.

My sincere thanks to our Manager Pip Fawcett and staff, Angela Forster, Roxanne Faulkner, Maria Jary and Casey Power. I would also like to thank our volunteer Directors Amanda Zinn, Ann Sutherland, Henk Reinking, John Hall, Bill Eykman, Bruce Eldridge and Robert Campbell. These folk have a keen interest to see our community supported by Caloundra Community Bank Branch.

Colin Rose
Chairman

Manager's report

For year ending 30 June 2019

In my 16 years working for Bendigo and Adelaide Bank Limited I have never been so excited as I am right now in spreading the word that we are the Better Big Bank – Australia's fifth largest retail bank. This is no small feat with a history that spans 160 years. Our Community Bank model is unique, there's nothing else like it in the world, and it makes us fiercely proud. Our customers know that when they bank with us, the profit goes directly back into our Caloundra community. It's our unique point of difference and its why our customers are our greatest advocates.

Our branch team have been producing terrific results through meeting clients' needs for transaction, loan, business, investment and insurance products. We pride ourselves on creating a special customer experience which I'm sure comes from ensuring we always maintain a happy, healthy workplace.

We are continually building our business pipeline and enjoy seeing the year on year growth from applications through to settlements. Our discharges have not been as high as last year and are no doubt in part a reflection of the customer lifecycle. We have not lost any customers due to refinancing which is also a great sign that we are providing quality customer service.

Small business visits have continued to be a large focus over the past 12 month's and we've enjoyed welcoming our new small business customers. We have also gone outside the box with our business development activities and set up Caloundra Community Bank Branch pop-up stands at the new Stockland shopping centre openings in Birtinya and Baringa. Our presence at these openings generated a significant number of home loan opportunities and added to our overall brand awareness.

I also had the opportunity to attend the Sunshine Coast University Hospital and set up in the staff room to meet with staff over their lunch break. It was a worthwhile exercise as it gave me the unique opportunity to share our story, field enquiries and answer questions. It's an activity I hope to repeat on a regular basis.

Of course, one of our biggest ways to give support is through providing financial assistance to local organisations through sponsored activity. The intention with all our sponsorships is also to drive benefit to the branch whether its in terms of building brand awareness, engagement or generating business leads. We have attended numerous events throughout the year sponsoring the Caloundra Chamber of Commerce which also starred our own David Robertson, Head of Economic and Market Research at one of the breakfasts, the Currimundi State School Surf Carnival, Caloundra City Soccer Club, Moffat Beach Netball Club, Queensland Air Museum, Currimundi Netball Club, Dicky Beach Surf Life Saving Club, Caloundra Rugby Union, QuoCKa Reading Program, Pa & Ma Bendall Surfing Competition, Caloundra Triathlon Club, Currimundi Lights on the Lake and more. I thank all these groups for providing our Caloundra Community Bank branch with great exposure and engagement opportunities and for sharing our support on Facebook.

In staff happenings over the last 12 months, we welcomed Angela Forster to the team as Customer Relationship Manager. Ange has had many years of lending experience and knowledge and now has her full Delegated Lending Authority Approval. Ange has been a terrific asset to the branch. We also said goodbye to Sheena Bartlett who relocated with her family back to Victoria where she now works in credit card processing in Bendigo. Casey Power replaced Sheena as our new Customer Relationship Officer, relocating back to the Sunshine Coast from Bendigo Bank in Cairns. It's great to have some youth in our branch while still maintaining plenty of experience and knowledge.

I would like to thank my team – Roxanne, Maria, Casey and Angela for their dedication and contributions with a special shout out to Roxanne and Maria for stepping up during the staff changes. You all continue to demonstrate our Bendigo Bank values each day ensuring Caloundra Community Bank Branch is the Customers Bank of Choice.

I would like to thank our shareholders for your support, but I do wonder why many of you don't have your banking with us? I invite you and encourage you to come in and visit us or give us a call – we are the Better Big Bank and would love the opportunity to welcome you as a customer.

Manager's report (continued)

Lastly, I would like to thank the Caloundra Community Bank company Board for your ongoing support. The Board has been particularly helpful throughout the year in attending numerous functions associated with our club sponsorships of the many sporting clubs we support. Their presence at club end of season presentation functions adds a new dimension to just what Caloundra Community Bank Branch does for them.

I am proud to play my part in ensuring we are the Better Big Bank. I am proud of our team, and together, we look forward to the year ahead. We'll continue to find new ways to reach our customers, to satisfy their needs and to grow our business. As the saying goes, "if you always do what you've always done, you'll always get what you've always got."

Pip Fawcett
Manager

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:

John Colin Rose
Chairman
Occupation: Retired
Qualifications, experience and expertise: 22 years service in the Royal Australian Air Force. Operations Manager large flower & bulb farming business in Victoria for 10 years. Leadership roles in community organisation. Retired for 10 years.
Special responsibilities: Chairman
Interest in shares: 7,801

Bruce Martin Eldridge
Treasurer
Occupation: Accountant
Qualifications, experience and expertise: Bruce has held executive roles in commercial (as Finance Director) and Not For Profit (as CFO) organisations. He is a member of the Executive Leadership Team at STEPS Group Australia (since 2012). Bruce is driven by creating efficiency through implementation and improvement of systems and enjoys the challenges of strategic planning to manage organisational growth. Bruce holds a CPA (2015); Bachelor of Commerce (1987 - South Africa) and Diploma in Management (2013). He enjoys surfing, kite surfing, surf ski paddling and thinks Caloundra is the best place in the world.
Special responsibilities: Treasurer
Interest in shares: Nil

Hendrik Willem Reinking
Director
Occupation: Retired
Qualifications, experience and expertise: Company Director, licenced Customs Broker and small business operator. Real Estate agent and property developer. School council member and president.
Special responsibilities: Nil
Interest in shares: 55,000 (jointly held)

Edward John Hall
Director
Occupation: Non-executive Director
Qualifications, experience and expertise: John has lived at Golden Beach with his wife Helen since 2003. On his retirement in 2013, John had been a chief executive in both the public and private sectors for over 25 years (Queensland Treasury, a major Queensland law firm and Queensland's economic regulator). John has also been a company director for over 25 years, in listed public companies, unlisted public companies, government business enterprises, government public authorities and private businesses (in sand mining, tourism and events, superannuation, investment and funds management and overseas and domestic debt raising and management). John has degrees in Economics and Commerce and a Masters degree in Business Administration. John now works part time as a company director. In addition to his role with the Caloundra Community Bank, he is on the board of Visit Sunshine Coast (the regional tourism body for the Sunshine Coast) and is an independent member of the Sunshine Coast Grammar School Council. John is a Fellow of the Australian Institute of Company Directors.
Special responsibilities: Chair of Finance Committee
Interest in shares: 2,000

Directors’ report (continued)

Directors *(continued)*

William Eykman
Director
Occupation: Consultant
Qualifications, experience and expertise: Prior to currently being a consultant, Bill was employed in a number of roles including Real Estate Manager for the Victorian Gov't, General Manager Port of Melbourne, Property Director for an international subsidiary of General Motors and the Real Estate Director on start up of Optus. Qualifications include diplomas in Project Management, Real Estate, Valuation, Business Management and a Masters in Corporate Real Estate. Skills relate to Business, Finance, People Management and Business Development. Bill is also a volunteer driver for Comlink, a supplier of transport services to the community - mainly infirm and disability aged.
Special responsibilities: Low Volume (Share) Market
Interest in shares: Nil

Robert Bruce Campbell
Director
Occupation: Commercial Director
Qualifications, experience and expertise: Robert is responsible for the management of the Australian and New Zealand operations of a large multi-national engineering company. He was previously involved in management positions of engineering companies servicing Oil & Gas, Mining, and major Infrastructure Projects both domestically and internationally. Formal qualifications in management, project management, marketing, materials science and key business responsibilities in the areas of Occupational Health and Safety and Risk Management. Current member of the Dicky Beach Surf Life Saving Club - Member Constitution Committee and Finance Committee. Surf Life Saving Queensland Sunshine Coast Branch - Life Member and Deputy Director Junior Activities: Surf Life Saving Queensland - State Membership Services Officer and Chair of Meritorious Awards and Lifesaving Panel: Surf Life Saving Australia Development Advisory Committee - (all volunteer positions).
Special responsibilities: Marketing Committee
Interest in shares: Nil

Amanda Louise Zinn
Secretary
Occupation: Project Support Officer
Qualifications, experience and expertise: Amanda holds a Diploma of Leadership and Management, Cert IV in Government (Statutory Compliance), Cert IV in Government (Investigations) and is currently studying a Diploma of Local Government Administration.
Special responsibilities: Company Secretary
Interest in shares: Nil

Ann Elizabeth Sutherland
Director *(Appointed 27 February 2019)*
Occupation: Lawyer
Qualifications, experience and expertise: Ann is a lawyer with extensive international experience covering litigation and rule of law in senior legal and management roles. Ann worked for the United Nations (UN) from 1995 – 2017 investigating and prosecuting senior leaders accused of war crimes, genocide and crimes against humanity. Prior to working for the UN, Ann lived and worked in South Australia. She holds Bachelor’s degrees in Commerce and Law and a Master in Public International Law, specialising in International Criminal Law. Ann is also an accredited mediator. Since moving to the Caloundra area in September 2018, she has integrated in local community through sport and volunteer work joining the Community Bank Company Board as well as the Caloundra Triathlon Club. She is also a keen golfer and is a member of the Pelican Waters Golf Club.
Special responsibilities: Nil
Interest in shares: Nil

Directors' report (continued)

Directors *(continued)*

Donna Lee Savill
Directors *(Resigned 5 November 2018)*
Occupation: Consultant
Qualifications, experience and expertise: Donna served on the Council of Churches of Christ in Queensland for two years prior to becoming a staff member. Donna's current role with Churches of Christ includes networking with key stakeholders and understanding the needs of those they represent in communities in order to look for collaborative solutions. Donna is Deputy Chair of Caloundra Community Bank branch of Bendigo Bank and is a member of the Governance Committee. Donna was previously a bookkeeper for 13 years with experience across corporate and not-for profit sectors, including the day to day running of a business, reconciliations, BAS, payroll, grant applications and reporting. She has also volunteered her time giving to Rosie's Mission, the Red Shield Appeal and the Women's Lifestyle Expo.
Special responsibilities: Deputy Chair, Member Governance Committee
Interest in shares: Nil

Karolyn Ann Keogh
Director *(Resigned 27 February 2019)*
Occupation: Personal Assistant
Qualifications, experience and expertise: Karolyn has twenty- four years experience in office administration, reception and personal assistance. Her current role is Personal Assistant to Robyn Hills at Robyn Hills Photography, where her many duties include liaising with clients, managing accounts and banking, processing orders, research and development, and assisting on projects. Karolyn is Company Secretary Caloundra Community Bank Branch of Bendigo Bank and is a member of Governance Committee. Karolyn also runs her own small business (beekeeping & garden maintenance) & has recently completed her Real Estate certificate, to better manage her own investment properties.
Special responsibilities: Company Secretary, Governance Committee
Interest in shares: Nil

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 Amanda Louise Zinn. Amanda was appointed as secretary on 27 February 2019 after Karolyn Ann Keogh resigned from the position.

Amanda has worked in office administration and personal assistant roles over her 30 year career. Her current role is Project Support Officer and in this role Amanda provides assistance to a team implementing a new software system. Amanda is also Vice President of the Caloundra Chorale and Theatre Company, Minute Secretary of the Eisteddfod Council of Queensland and Secretary of the Caloundra State High School P&C Association.

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 $
	64,980	55,689

Dividends	Year ended 30 June 2019 Cents	$
Dividends paid in the year	3.5	27,376

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.

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.

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’ report (continued)

Directors' meetings

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

	Board Meetings Attended		Sub Committee Corporate Governance	
	Eligible	Attended	Eligible	Attended
John Colin Rose	8	8	2	2
Bruce Martin Eldridge	8	7	-	-
Hendrik Willem Reinking	8	5	2	2
Edward John Hall	8	7	-	-
William Eykman	8	6	-	-
Robert Bruce Campbell	8	6	-	-
Amanda Louise Zinn	8	8	2	2
Ann Elizabeth Sutherland *(Appointed 27 February 2019)*	3	3	-	-
Donna Lee Savill *(Resigned 5 November 2018)*	4	3	2	1
Karolyn Ann Keogh *(Resigned 27 February 2019)*	5	5	-	-

The Sponsorship and Marketing Committee collaborate online throughout the month. Once decisions and actions have been agreed on minutes are documented and distributed to the board. Minutes are re-tabled as an attachment at the following board meeting. Caloundra City CSSL board members on the Sponsorship and Marketing Committee are:

- John Colin Rose
- William Eykman
- Robert Bruce Campbell

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.

Directors' report (continued)

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 Caloundra, Queensland on 25 September 2019.

John Colin Rose, Chairman

Auditor's independence declaration

Partners in success

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 Caloundra City Community Support Services Limited

As lead auditor for the audit of Caloundra City Community Support Services 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 25 September 2019

Joshua Griffin
Lead Auditor

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Financial statements

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2019

	Notes	2019 $	2018 $
Revenue from ordinary activities	4	695,870	695,649
Employee benefits expense		(340,654)	(370,129)
Charitable donations, sponsorship, advertising and promotion		(42,218)	(45,174)
Occupancy and associated costs		(98,162)	(87,563)
Systems costs		(19,655)	(19,087)
Depreciation and amortisation expense	5	(20,604)	(20,618)
Finance costs	5	(1,121)	(1,511)
General administration expenses		(83,494)	(74,632)
Profit before income tax expense		89,962	76,935
Income tax expense	6	(24,982)	(21,246)
Profit after income tax expense		64,980	55,689
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		64,980	55,689
Earnings per share		¢	¢
Basic earnings per share	22	8.31	7.12

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet
as at 30 June 2019

	Notes	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	7	182,790	120,531
Trade and other receivables	8	28,309	34,135
Total current assets		211,099	154,666
Non-current assets			
Property, plant and equipment	9	85,519	92,692
Intangible assets	10	38,053	51,484
Deferred tax asset	11	76,915	101,897
Total non-current assets		200,487	246,073
Total assets		411,586	400,739
LIABILITIES			
Current liabilities			
Trade and other payables	12	31,619	36,664
Borrowings	13	7,225	6,837
Total current liabilities		38,844	43,501
Non-current liabilities			
Trade and other payables	12	14,874	29,749
Borrowings	13	10,242	17,467
Total non-current liabilities		25,116	47,216
Total liabilities		63,960	90,717
Net assets		347,626	310,022
EQUITY			
Issued capital	14	751,177	751,177
Accumulated losses	15	(403,551)	(441,155)
Total equity		347,626	310,022

The accompanying notes form part of these financial statements.

Caloundra City Community Support Services Limited
Statement of Changes in Equity
for the year ended 30 June 2019

	Notes	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2017		751,177	(469,468)	281,709
Total comprehensive income for the year		-	55,689	55,689
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	20	-	(27,376)	(27,376)
Balance at 30 June 2018		**751,177**	**(441,155)**	**310,022**
Balance at 1 July 2018		751,177	(441,155)	310,022
Total comprehensive income for the year		-	64,980	64,980
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	20	-	(27,376)	(27,376)
Balance at 30 June 2019		**751,177**	**(403,551)**	**347,626**

The accompanying notes form part of these financial statements.

Caloundra City Community Support Services Limited
Statement of Cash Flows
for the year ended 30 June 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		750,732	773,075
Payments to suppliers and employees		(639,617)	(656,785)
Interest paid		(1,121)	(1,511)
Net cash provided by operating activities	16	109,994	114,779
Cash flows from investing activities			
Payments for property, plant and equipment		-	(3,708)
Payments for intangible assets		(13,522)	(13,522)
Net cash used in investing activities		(13,522)	(17,230)
Cash flows from financing activities			
Repayment of borrowings		(6,837)	(6,447)
Dividends paid	20	(27,376)	(27,376)
Net cash used in financing activities		(34,213)	(33,823)
Net increase in cash held		62,259	63,726
Cash and cash equivalents at the beginning of the financial year		120,531	56,805
Cash and cash equivalents at the end of the financial year	7(a)	182,790	120,531

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.

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 $188,228.

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 Caloundra, Queensland.

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.

Note 1. 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:

- advice and assistance 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.

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.

Margin is paid on all core banking products. A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin.

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.

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.

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.

Note 1. Summary of significant accounting policies *(continued)*

b) Revenue *(continued)*

Ability to change financial return (continued)

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 payable (or refundable).

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies *(continued)*

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	5 - 40	years
- plant and equipment	2.5 - 20	years

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.

Note 1. Summary of significant accounting policies *(continued)*

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.

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.

Note 1. Summary of significant accounting policies *(continued)*

k) Financial instruments *(continued)*

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 of 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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies *(continued)*

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 of 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.

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.

Notes to the financial statements (continued)

Note 2. Financial risk management *(continued)*

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.

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

(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.

Note 2. Financial risk management *(continued)*

Expected credit loss assessment for other customers (continued)

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;

(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.

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.

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

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.

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.

Note 4. Revenue from ordinary activities

	2019	2018
	$	$
Operating activities:		
- gross margin	560,377	565,843
- services commissions	60,969	56,567
- fee income	49,035	47,390
- market development fund	25,000	25,000
Total revenue from operating activities	695,381	694,800
Non-operating activities:		
- other revenue	489	849
Total revenue from non-operating activities	489	849
Total revenues from ordinary activities	695,870	695,649

Notes to the financial statements (continued)

Note 5. Expenses	2019	2018
	$	$
Depreciation of non-current assets:		
- plant and equipment	1,600	1,614
- leasehold improvements	5,573	5,573
Amortisation of non-current assets:		
- franchise agreement	2,238	2,311
- franchise renewal fee	11,193	11,120
	20,604	20,618
Finance costs:		
- interest paid	1,121	1,511
Bad debts	3,535	234

Note 6. Income tax expense

The components of tax expense comprise:		
- Movement in deferred tax	2,795	1,347
- Recoupment of prior year tax losses	22,187	19,899
	24,982	21,246
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	89,962	76,935
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	24,740	21,157
Add tax effect of:		
- non-deductible expenses	242	89
- timing difference expenses	(2,795)	(1,347)
	22,187	19,899
Movement in deferred tax	2,795	1,347
	24,982	21,246

Note 7. Cash and cash equivalents

Cash at bank and on hand	182,790	120,531

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	182,790	120,531

Notes to the financial statements (continued)

Note 8. Trade and other receivables	2019	2018
	$	$
Trade receivables	18,410	24,227
Prepayments	8,899	8,908
Other receivables and accruals	1,000	1,000
	28,309	34,135

Note 9. Property, plant and equipment		
Leasehold improvements		
At cost	170,559	170,559
Less accumulated depreciation	(100,753)	(95,180)
	69,806	75,379
Plant and equipment		
At cost	88,831	88,831
Less accumulated depreciation	(73,118)	(71,518)
	15,713	17,313
Total written down amount	85,519	92,692

Movements in carrying amounts:

Leasehold improvements		
Carrying amount at beginning	75,379	80,952
Additions	-	-
Disposals	-	-
Less: depreciation expense	(5,573)	(5,573)
Carrying amount at end	69,806	75,379
Plant and equipment		
Carrying amount at beginning	17,313	15,219
Additions	-	3,708
Disposals	-	-
Less: depreciation expense	(1,600)	(1,614)
Carrying amount at end	15,713	17,313
Total written down amount	85,519	92,692

Notes to the financial statements (continued)

Note 10. Intangible assets	2019	2018
	$	$
Franchise fee		
At cost	32,746	32,746
Less: accumulated amortisation	(26,403)	(24,165)
	6,343	8,581
Renewal processing fee		
At cost	113,729	113,729
Less: accumulated amortisation	(82,019)	(70,826)
	31,710	42,903
Total written down amount	38,053	51,484

Note 11. Tax		
Non-Current:		
Deferred tax assets		
- accruals	798	770
- tax losses carried forward	86,189	108,377
	86,987	109,147
Deferred tax liability		
- property, plant and equipment	10,072	7,250
	10,072	7,250
Net deferred tax asset	76,915	101,897
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	24,982	21,246

Note 12. Trade and other payables		
Current:		
Trade creditors	10,915	2,276
Other creditors and accruals	20,704	34,388
	31,619	36,664
Non-Current:		
Other creditors and accruals	14,874	29,749

Notes to the financial statements (continued)

Note 13. Borrowings	Notes	2019	2018
		$	$
Current:			
Chattel mortgage	17	7,225	6,837
Non-Current:			
Chattel mortgage	17	10,242	17,467

Note 14. Issued capital		
782,171 ordinary shares fully paid (2018: 782,171)	782,171	782,171
Less: equity raising expenses	(30,994)	(30,994)
	751,177	751,177

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.*

Note 14. Issued capital *(continued)*

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 247. As at the date of this report, the company had 263 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.

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. Accumulated losses

	2019	2018
	$	$
Balance at the beginning of the financial year	(441,155)	(469,468)
Net profit from ordinary activities after income tax	64,980	55,689
Dividends provided for or paid	(27,376)	(27,376)
Balance at the end of the financial year	(403,551)	(441,155)

Notes to the financial statements (continued)

Note 16. Statement of cash flows	2019	2018
	$	$
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	64,980	55,689
Non cash items:		
- depreciation	7,173	7,187
- amortisation	13,431	13,431
Changes in assets and liabilities:		
- increase in receivables	5,826	7,116
- increase in other assets	38,504	34,768
- (decrease) in payables	(19,920)	(3,412)
Net cash flows provided by operating activities	109,994	114,779

Note 17. Leases

Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	7,958	7,958
- between 12 months and 5 years	10,610	18,568
Minimum lease payments	18,568	26,526
Less future finance charges	(1,101)	(2,222)
Present value of minimum lease payments	17,467	24,304

The finance lease for a bus for Dicky Beach Surf Club, which commenced in November 2016, is a five-year lease. Interest is recognised at an average rate of 5.05% (2018: 4.87%).

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	64,535	62,500
- between 12 months and 5 years	123,693	182,292
	188,228	244,792

The property lease is a non-cancellable lease with a five-year term expiring in May 2022, with rent payable monthly in advance.

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	3,200	3,165
- non audit services	4,650	2,000
	12,450	9,565

Note 19. Director and related party disclosures

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

John Colin Rose
Bruce Martin Eldridge
Hendrik Willem Reinking
Edward John Hall
William Eykman
Robert Bruce Campbell
Amanda Louise Zinn
Ann Elizabeth Sutherland *(Appointed 27 February 2019)*
Donna Lee Savill *(Resigned 5 November 2018)*
Karolyn Ann Keogh *(Resigned 27 February 2019)*

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.

Directors Shareholdings	2019	2018
John Colin Rose	1	1
Bruce Martin Eldridge	-	-
Hendrik Willem Reinking*	55,000	55,000
Edward John Hall	2,000	2,000
William Eykman	-	-
Robert Bruce Campbell	-	-
Amanda Louise Zinn	-	-
Ann Elizabeth Sutherland *(Appointed 27 February 2019)*	-	-
Donna Lee Savill *(Resigned 5 November 2018)*	-	-
Karolyn Ann Keogh *(Resigned 27 February 2019)*	-	-

* Shares jointly held.

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		
Unfranked dividend - 3.5 cents (2018: 3.5 cents) per share	27,376	27,376

Notes to the financial statements (continued)

Note 20. Dividends provided for or paid *(continued)*	2019	2018
	$	$
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	13,907	13,907
Net Franking credits available for future financial reporting periods:	13,907	13,907

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.

Note 22. Earnings per share

	2019	2018
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	64,980	55,689
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	782,171	782,171

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 Caloundra, Queensland 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	Principal Place of Business
Shop 1/99 Bulcock Street	Shop 1/99 Bulcock Street
Caloundra QLD 4551	Caloundra QLD 4551

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	-	-	-	-	-	-	-	-	182,790	120,531	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	18,410	24,227	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	7,225	6,837	10,242	17,467	-	-	-	-	5.05	5.54
Payables	-	-	-	-	-	-	-	-	10,915	2,276	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%	(175)	(243)
Decrease in interest rate by 1%	175	243
Change in equity		
Increase in interest rate by 1%	(175)	(243)
Decrease in interest rate by 1%	175	243

Directors' declaration

In accordance with a resolution of the directors of Caloundra City Community Support Services 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.

John Colin Rose, Chairman

Signed on the 25th of September 2019.

Independent audit report

Partners in success

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 Caloundra City Community Support Services Limited

Report on the audit of the financial report

Our opinion
In our opinion, the accompanying financial report of Caloundra City Community Support Services 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
Caloundra City Community Support Services 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.

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: 25 September 2019

Joshua Griffin
Lead Auditor

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