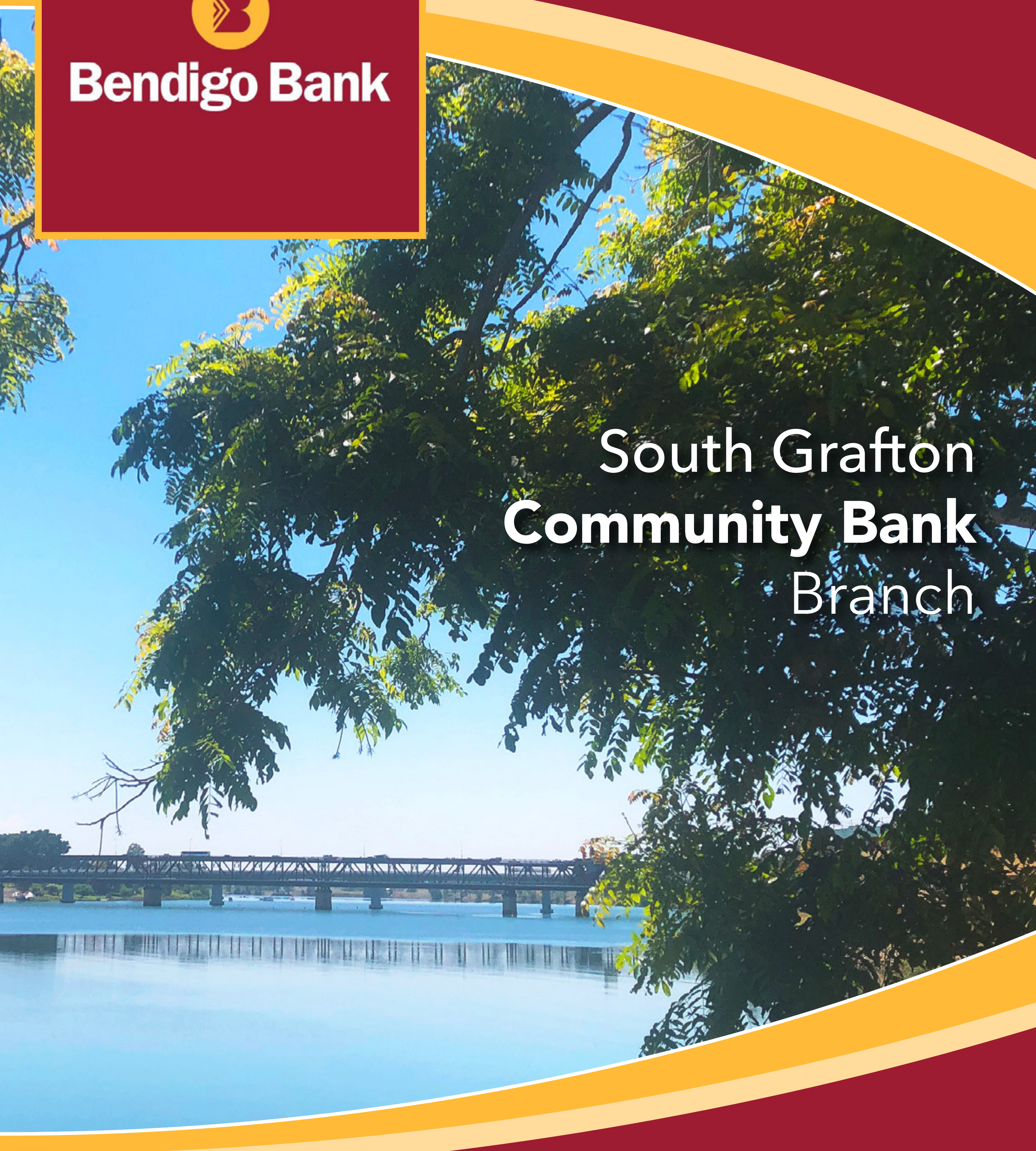
Clarence Valley Community
Financial Services Limited
ABN 35 093 945 370

Bendigo Bank



South Grafton **Community Bank** Branch

2019 Annual Report

Contents

Chairman's report

Year Ended 30th June 2019

In the 2018/19 financial year the underlying financial position of the **Community Bank** branch was much the same as the prior year. Revenue was steady at $1.018M (2018: $1.026M. Expenses were similar compared to the previous year with the operating profit at $289,828 (2018: $299,725). The after tax profit up at $192,206 (2018: $164,031) due to a reduction in charitable donations in 2019. Earnings per share were up at 51.51¢ (2018: 39.18¢). Shareholder equity has increased 19.44% to $1.233M (2018: $1.033M). We maintained a steady dividend at 8¢ per share.

Mark Hunting and his team of Corey Rodgers, Jenny Dutton, Lu Milligan, Judy Hubbard, Vicki Hageman, Debby Thompson, Briony Rediger and Lee Devine together with our most recent employee Renae Barnes have continued their determined work providing a friendly, efficient and customer focused service. Judy Hubbard retired in October 2019 after serving the company since our earliest days in 2000. Judy was among our first employees and on behalf of shareholders, our customers and the Board I thank Judy for her exceptional service and wish her well in her retirement. I also thank the staff for their continued dedication to the business and the underlying philosophy of the **Community Bank** model.

Each year the **Community Bank** provides sponsorship for community organisations including cultural and sporting groups of almost $30,000. The **Community Bank** also regularly makes a sizeable charitable donation to a locally based objective. In past years this has seen significant contributions to two not-for-profit organisations to purchase commuter buses and Grameen Australia to undertake a feasibility study in the Clarence Valley to determine the prospects for a successful pilot programme of micro-financing to relieve poverty. This is in keeping with the community service obligation inherent in the **Community Bank** model the purpose of which is to strengthen our community and build resilience.

The Board has a focus of seeking opportunities which best achieve the purpose and no opportunity arose in 2019 meeting our focus. However, at the present time the Board is in discussion with representatives of a charitable object which we are confident will significantly enhance delivery of important health services. More will be announced in due course.

The Banking Royal Commission has finalized and Commissioner Hayne has delivered his report. The Commission has been the catalyst of change in the banking industry with many changes for the better but with some expressing concern that the pendulum towards more conservative lending practices having swung too far. We expect fine tuning of banking practices and procedures over the next 12 months to achieve a better balance.

I thank my fellow Board members for their contribution to the voluntary work of the Board over the past 12 months.

In conclusion I thank our customers and shareholders for their continued support of the branch. The branch offers an extensive range of services within and beyond traditional banking. The **Community Bank** offers a unique personal in branch service as well as all electronic, remote and mobile options for accessing banking needs.

Peter James
Chairman

Manager's report

Year Ended 30th June 2019

As our 19th full year of business draws to an end, we reflect back on our continued strength in what has been a difficult year for the finance industry in Australia. With the fallout from the commission into banking and the changes that resulted from that together with a falling interest rate environment, for both lending and investments, it is very pleasing to see that we have continued to grow. This is primarily due to each and every one of our customers who entrust us with their banking and for this we thank you.

Completing our 15th year of profit, we managed to grow our book to just over $143 million. Considering local market conditions which together with a stressed global and national economy, it is considered a very solid result. Our market share remains sound, and we continue to welcome and explore new business opportunities whenever they arise.

As at 30 June 2019, customer numbers remain steady at 2,787. Staff completed 27,267 across counter transactions, an average of 524 per week.

This year saw us continue to offer the services of our Financial Planner in Sarah Woods and our Mobile Lender based out of Sydney in Corey Rodgers. Corey continues to write business for us in a market space that we would normally have trouble accessing and Sarah has added depth to the list of services we can offer our customers. Both have made a solid contribution to our overall results this year.

We welcome two new staff members to our team in Briony Rediger and Renae Barnes. We also say farewell to the last of our original staff members in Judy Hubbard. Judy retired in October 2019 and on behalf of the staff, the board and our customers, I wish to thank her for outstanding contribution to our Community Bank over her many years of service. I would also like to thank my existing team of dedicated staff of Jenny, Lu, Vicki, Debby and Lee who continue to provide a high standard of service in a happy, caring and friendly environment. Our dedicated business banking team also saw a change this year with the retirement of Brett Westcott. Brett was with the bank for many years and we welcome Lauren Smith to the position who together with Anna Moneva continue to support our business banking needs. It is this complete level of service that helps set us apart from our competition.

I would also like to personally thank the continued dedication and support of the Directors, and the ongoing loyalty and support of shareholders and customers. Together, their support is highly valued and is the key to the ongoing success of this business.

We continue to be involved with many different sponsorships throughout the Clarence Valley. Too many to mention individually, this year we have put back in excess of $30,438 into our local community via school groups, sporting groups / clubs, cultural and community associations. This amount adds to our total of over $550,000 since our inception. What a remarkable effort.

It is because of this **Community Bank** model and our customers who support and bank with us that we are able to continue to assist these organisations within the community. Again, I thank more than 2,700 customers who do business with us that has made this return of capital to the community possible.

Mark Hunting
Manager

Bendigo & Adelaide Bank report

Year Ended 30th June 2019

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

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

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

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

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

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

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

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

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

Mark Cunneen
Head of Community Support

Treasurer's report

Year Ended 30 June 2019

As the table below indicates the 2018/19 financial year shows an improved profit after tax compared with the previous four years. It is a good result.

	2019	**2018**	**2017**	**2016**	**2015**
	$	$	$	$	$
Revenues	1,018,475	1,026,286	887,183	732,652	696,109
Employee Expenses	549,816	539,471	522,765	444,745	366,343
Depreciation/Amortisation	15,279	13,149	30,487	32,981	33,209
Other Expenses	163,552	173,941	188,813	177,460	185,662
Charitable Donations & Sponsorships	28,930	75,953	11,603	21,967	35,447
Profit After Tax	192,206	164,031	98,202	51,857	52,036

Some comments can be made:-

1. The **Community Bank** continues to operate in a low interest, and subdued economic environment. However, with increased local and metropolitan efforts from the Manager, Staff, and Mobile Lender our revenues have been steady over the last two years. Employment costs have marginally increased and most other costs have been contained.
2. The Board has continued to be very prudent in its decision making process. It is very aware of the risk capital shareholders contributed at the establishment of our **Community Bank** and a priority is to enhance that investment.
3. Charitable Donations and Sponsorships were less in 2018/19, due mainly to major contributions being made in 2017/18. Over the years the company has contributed to the local community by some $550,000 (excluding dividends).
4. The company's balance sheet shows the company is in a strong financial position. As at 30 June 2019 the company had Cash of $435,087, Term Deposits of $503,486 and a Portfolio of Listed Shares of $325,760 (market value).

Subsequent to 30 June 2019 $200,000 was invested into Sandhurst and Bendigo Managed Funds and $100,000 invested into additional listed shares.

The Board is very aware of the volatility of the share market and the fluctuations which can occur in share prices. Accordingly investments made in assets other than Cash and Term Deposits are made with a long term horizon/perspective.

In the near future, it is unlikely buoyant economic conditions will emerge. The challenge is therefore to concentrate on what we do well and manage the company in a prudent way. The company is currently financially stable and the Board has maintained the dividend rate it has declared over the last few years. The message to all is 'why would you bank anywhere else'

Derek W Alden B.Econ (Syd) FCA
Treasurer

Directors' report

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

Directors

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

Name and Position Held	Qualifications	Experience and Other Directorships
Peter James Director since 11/08/2000 Chairman	B. Juris, LLB	Director - Naupe Holdings Pty Ltd, GSD Distributors Pty Ltd, Solicitor in private practice since 1978. Former Councillor of Grafton City Council.
Derek Alden Director since 11/08/2000 Director	B. Econ (Syd) F.C.A. JP	Many years Principal of Chartered Accountancy practice. Treasurer since commencement of the Community Bank.
Mervyn Smidt Director since 15/09/2003 Director	Motor Engineer	Director - Smidt Holdings Pty Ltd. Treasurer - South Grafton Neighbourhood Watch. Board member and committee member of several community groups.
Anthony Wade Director since 11/08/2000 Director	Chef Aborist	Self employed for majority of working life. Former Councillor in local government.
Ian McGaw Director since 15/09/2003 Director Resigned 22/11/2018	No Tertiary Qualifications	Over 40 years in planning, organising, displaying and reporting for agricultural exhibitions. Past Director- 22 years with Caringa Enterprises Life Member Royal Agricultural Society of NSW
Brian Heath Director since 05/06/2008 Director	Bachelor of Science Diploma in Education	Principal of a Secondary School (6 years). Youth Director Grafton Rotary Club (4 years).
Karen Toms Director since 08/03/2012 Director	Certificate IV Business Administration	Councillor Clarence Valley Council, Director- JKT & Sons Pty Ltd, Member and Chair of numerous Clarence Valley Council and external organisations advisory commitees.
Tania Williams Director since 14/04/2016 Director	B Arts Grad. Cert. Leadership	Experience in the media and education sectors. Substantial small business experience, hospitality and event management.
Allan Morgan Director since 22/11/2018 Director	Dip - Agriculture Agronomy: Farmer JP	Past President of the Clarence Pastoral & Agricultural Society; Over 30 years experience in the Rural Agribusiness Sector. Lifetime involvement in the Beef Cattle industry.
Patricia Strong Director since 15/04/2019 Director	PhD Accounting Research MBA; BSSc (hons); GCULT; Fellow of GIA, member of CPA, AICD, BPW International and Women on Boards	Former lecturer at UNSW. Various management and accounting roles. Active in local community groups wherever she has lived.

Directors' report (continued)

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

Apart from as detailed in **Note 19(c)** 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:

Director	Board meetings A	B
Peter James	10	9
Derek Alden	10	7
Mervyn Smidt	10	9
Anthony Wade	10	9
Ian McGaw	2	2
Brian Heath	10	8
Karen Toms	10	7
Tania Williams	10	8
Allan Morgan	8	8
Patricia Strong	3	1

A - The number of meetings eligible to attend
B - The number of meetings attended

Company Secretary
Brian Heath has been the Company Secretary of Clarence Valley Community Financial Services Limited since 2017.

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

Review of operations
The profit of the company for the financial year after provision for income tax was $215,681 (2018 profit: $164,031), which is a 31.5% increase compared with the previous year.
The increased profit is principally due to a decrease in charitable contributions (2019 $28,930 - 2018 $75,953) and a change in accounting policy which brings to account an unrealised gain on investments of $23,475.

Dividends
A fully franked final dividend of 8 cents per share was declared and paid during the 2019 financial year for the year ended 30 June 2018. A fully franked final dividend for the year ended 30 June 2019 has been declared post 30 June 2019 but not paid.

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.

Directors' report (continued)

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

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

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

Environmental regulations
The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor
The company has agreed to indemnify each Officer (Director, Secretary or Employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability incurred 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 out at page 11 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 Grafton on 12 September 2019.

Peter James
Chairman

Auditor independence declaration

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

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

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Clarence Valley Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

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

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 16 September 2019

Financial Statements

Statement of profit or loss and other comprehensive income for the year ended 30th June 2019

	Note	2019 $	2018 $
Revenue	2	1,018,475	1,026,286
Expenses			
Employee benefits	3	(549,816)	(539,471)
Depreciation and amortisation	3	(15,279)	(13,149)
Bad and doubtful debts expense	3	-	(25)
Administration and general costs		(91,501)	(103,277)
Occupancy expenses		(35,395)	(31,613)
IT		(23,302)	(21,706)
ATM		(13,354)	(17,320)
		(728,647)	**(726,561)**
Operating profit before charitable donations & sponsorships		**289,828**	**299,725**
Charitable donations and sponsorships		(28,930)	(75,953)
Profit before income tax		**260,898**	**223,772**
Income tax expense	4	(68,692)	(59,741)
Profit for the year		**192,206**	**164,031**
Other comprehensive income			
Items that will not subsequently be recognised in profit or loss			
Fair value gain on listed investments (net of tax)		23,475	-
Total comprehensive income for the year		**215,681**	**164,031**
Profit attributable to members of the company		215,681	164,031
Total comprehensive income attributable to company members		**215,681**	**164,031**
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	51.51	39.18

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

Financial Statements (continued)

Statement of financial position as at 30th June 2019

Assets	Note	2019 $	2018 $
Current assets			
Cash and cash equivalents	5	435,807	87,157
Trade and other receivables	6	93,237	101,412
Financial assets	7	829,246	938,791
Total current assets		**1,357,570**	**1,127,360**
Non-current assets			
Plant and equipment	8	4,730	5,668
Intangible assets	9	16,945	28,242
Deferred tax assets	4	10,165	20,330
Total non-current assets		**31,840**	**54,240**
Total assets		**1,389,410**	**1,181,600**
Liabilities			
Current liabilities			
Trade and other payables	11	32,754	32,813
Current tax liability	4	24,435	31,659
Provisions	12	87,838	76,910
Total current liabilities		**145,027**	**141,382**
Non-current liabilities			
Provisions	12	10,392	7,122
Total non-current liabilities		**10,392**	**7,122**
Total liabilities		**155,419**	**148,504**
Net assets		**1,233,991**	**1,033,096**
Equity			
Issued capital	13	418,708	418,708
Retained earnings	14	673,097	514,388
Reserves	16	142,186	100,000
Total equity		**1,233,991**	**1,033,096**

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

Financial Statements (continued)

Statement of changes in equity for the year ended 30th June 2019

	Note	Issued Capital $	Retained Earnings $	Reserves $	Total Equity $
Balance at 1 July 2018 (Reported)		418,708	514,388	100,000	1,033,096
Change due to adoption of AASB 9		-	-	18,711	18,711
Balance at 1 July 2018		**418,708**	**514,388**	**118,711**	**1,051,807**
Comprehensive income for the year					
Profit for the year		-	192,206	-	192,206
Other comprehensive income for the year		-	-	23,475	23,475
		-	**192,206**	**23,475**	**215,681**
Transactions with owners in thier capacity as owners					
Dividends paid or provided	15	-	(33,497)	-	(33,497)
Balance at June 30 2019		418,708	673,097	142,186	1,233,991

Balance at 1 July 2017		418,708	383,853	100,000	902,561
Profit for the year		-	164,031	-	164,031
Total comprehensive income for the year		-	**164,031**	**-**	**164,031**
Transactions with owners, in their capacity as owners					
Dividends paid or provided	15	-	(33,496)	-	(33,496)
Balance at 30 June 2018		**418,708**	**514,388**	**100,000**	**1,033,096**

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

Financial Statements (continued)

Statement of cash flows for the year ended 30th June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		1,088,899	1,083,572
Payments to suppliers and employees		(827,070)	(862,494)
Dividends received		10,658	6,284
Interest received		26,003	12,624
Income tax paid		(81,751)	(58,281)
Net cash provided by / (used in) operating activities	18b	**216,739**	**181,705**
Cash flows from investing activities			
Proceeds from sale of investments		283,856	130,426
Purchase of property, plant and equipment		(3,044)	(781)
Purchase of investments		(116,124)	(316,800)
Net cash flows from / (used in) investing activities		**164,688**	**(187,155)**
Cash flows from financing activities			
Dividends paid		(33,497)	(33,497)
Net cash provided by / (used in) financing activities		**(33,497)**	**(33,497)**
Net increase / (decrease) in cash held		**347,930**	**(38,947)**
Cash and cash equivalents at beginning of financial year		87,157	126,104
Cash and cash equivalents at end of financial year	18a	**435,087**	**87,157**

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

Notes to Financial Statements

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

These financial statements and notes represent those of Clarence Valley Community Financial Services Limited. Clarence Valley Community Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 12 September 2019.

1. Summary of significant accounting policies

(a) Basis of preparation

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, 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 South Grafton.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank** 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.

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** 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; and
- Sale techniques and proper customer relations.

Notes to Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

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

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

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

(d) Comparitive figures

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

(e) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve 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.

Notes to Financial Statements (continued)
1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

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

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

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

(f) New and revised standards that are effective for these financial statements
With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2018. Note that the changes in accounting policies specified below ONLY apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.
AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 15 Revenue from Contracts with Customers
AASB 15 replaces AASB 118 Revenue, AASB 111Construction Contracts and several revenue-related interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balances of retained earnings as at 1 July 2018 and comparatives are not restated.
Based on our assessment, there has not been any effect on the financial report from the adoption of this standard.

AASB 9 Financial Instruments
AASB 9 Financial Instruments replaces AASB 139 Financial Instruments: Recognition and Measurement requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.
When adopting AASB 9, the entity elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.
The adoption of AASB9 has affected the classification and measurement of the entity's equity investments in listed entities. The entity holds financial assets to hold and collect the associated cash flows. The majority of investments were previously classified as available-for-sale (AFS) investments under AASB 139. The entity chose to make the irrevocable election to transition to classify these investments as fair value through other comprehensive income (FVTOCI) as permitted by AASB 9. There have not been any other material changes.

Notes to Financial Statements (continued)

1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company. The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out below:

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 standard will primarily affect the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of $23,331. However, the company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the company's profit and classification of cash flows. The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The company does not intend to adopt the standard before its effective date.

(h) Change in accounting policies

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.

To determine whether to recognise revenue, the company follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Given the nature of the agreement with Bendigo and Adelaide Bank Limited, there are no performance obligations, therefore the revenue is recognised at the earlier of:
a) when the entity has a right to receive the income and it can be reliably measured; or
b) upon receipt.

Financial Instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to Financial Statements (continued)

1. Summary of significant accounting policies (continued)

Classification and initial measurement of financial assets
Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:
a) Financial assets at amortised cost
b) Financial assets at fair value through other comprehensive income (FVTOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The company's trade and most other receivables fall into this category of financial instruments as well as deposits that were previously classified as held-to-maturity under AASB 139.

Financial assets at fair value through other comprehensive income
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

Impairment of financial assets
AASB 9's new forward looking impairment model applies to company's investments at amortised cost. The application of the new impairment model depends on whether there has been a significant increase in credit risk. The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the company uses its historical experience, external indicators and forward-looking information to determine the expected credit losses on a case-by-case basis.
As the accounting for financial liabilities remains largely unchanged from AASB 139, the company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

Classification and measurement 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. 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. Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

Notes to Financial Statements (continued)

1. Summary of significant accounting policies (continued)

Reconciliation of financial instruments on adoption of AASB 9

The table below shows the classification of each class of financial asset and financial liability under AASB 139 and AASB 9 as at 1 July 2018:

	AASB 139 Classification	AASB 9 Classification	AASB 139 Carrying value ($)	AASB 9 Carrying value ($)
Financial Asset				
Trade and other receivables	Loans and receivables	Amortised cost	101,412	101,412
Term deposits	Held to maturity	Amortised cost	741,865	741,965
Listed shares	Available for sale	FVTOCI	196,827	222,634
Financial Liabilities				
Trade and other payables	Amortised cost	Amortised cost	-	-
Borrowings	Amortised cost	Amortised cost	-	-

The effect of classification changes arising from transitioning from AASB 139 to AASB 9 are shown below:

	FVTOCI Reserve ($)	Retained Earnings ($)
Opening balance under AASB 139	-	514,388
Increase in material value upon adoption of AASB 9	18,711	-
Opening balance under AASB 9	18,711	514,388

2. 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.

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

Interest, dividend and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

Dividend and other revenue is recognised when the right to the income has been established.

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

Rendering of services

As detailed in the franchise agreement, companies earn three types of revenue - margin, commission and fee income. Bendigo and Adelaide Bank Limited decide the method of calculation of revenue the company earns on different types of products and services and this is dependent on the type of business the company generates also taking into account other factors including economic conditions and interest rates.

Notes to Financial Statements (continued)

2. Revenue (continued)

Core Banking Products
Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given. The core banking products, as at the end of the financial year included: Credit Cards; Personal Loans; Residential Loans; Transaction Accounts; Savings Accounts and; Term Deposit Accounts.

Margin
Margin is earned on all core banking products. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin. Margin is determined by taking the 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.

Commission
Commission is a fee earned on products and services sold. Depending on the product or services, it may be paid on the initial sale or on an ongoing basis.

Fee Income
Fee income is a share of 'bank fees and charges' charged to customers by Bendigo and Adeliade Bank Limited, including fees for loan applications and account transactions.

Discretionary Financial Contributions
Bendigo and Adelaide Bank Limited has made discretionary financial payments to the company, outside of the franchise agreement and in addition to margin, commission and fee income. This income received by the company is classified as "Market Development Fund" (MDF) income. The purpose of these payments is to assist the company with local market development activities, however, it is for the board to decide how to use the MDF. Due to their discretionary nature, Bendigo and Adelaide Bank Limited may change or stop these payments at any time.

Form and Amount of Financial Return
The franchise agreement stipulates that Bendigo and Adelaide Bank Limited may change the form, method of calculation or amount of financial return the company receives. The reasons behind making a change may include, but not limited to, changes in Bendigo and Adelaide Bank Limited's revenue streams/processes; economic factors or industry changes.

Bendigo and Adelaide Bank Limited may make any of the following changes to form, method of calculation or amount of financial returns:
• A change to the products and services identified as 'core banking products and services'
• A change as to whether it pays the company margin, commission or fee income on any product or service.
• A change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.
These abovementioned changes, may impact the revenue received by the company on a particular product or service, or a range of products and services.

However, if Bendigo and Adeliade Bank Limited make any of the above changes, per the franchise agreement, it must comply with the following constraints in doing so.
a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;

Notes to Financial Statements (continued)

2. Revenue (continued)

b) In changing a margin to a commission or a commission to a margin on a core banking product or service, OR changing the method of calculation of a cost of funds, deposit return or margin or amount of margin or commission on a core product or service, Bendigo and Adelaide Bank Limited must not reduce the company's share of Bendigo and Adelaide Bank Limited's margin on core banking product and services when aggregated to less than 50% of Bendigo and Adelaide Bank Limited's margin on core banking products attributed to the company's retail branch operation; and
c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

	2019 $	2018 $
Revenue		
Service commisions	988,839	1,003,934
	988,839	1,003,934
Other revenue		
Interest received	18,978	16,068
Other revenue	10,658	6,284
	29,636	22,352
Total revenue	**1,018,475**	**1,026,286**

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.

Depreciation and amortisation
The depreciable amount of all fixed assets, including 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:

Class of asset	Rate	Method
Leasehold improvements	*20%*	*Straight Line*
Plant and equipment	*5-30%*	*Diminishing Value*
Franchise Fee	*20%*	*Straight Line*

Notes to Financial Statements (continued)

3. Expenses (continued)

	2019 $	2018 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
Wages and salaries	468,823	445,235
Superannuation costs	43,482	54,999
Other costs	37,511	39,237
	549,816	539,471
Depreciation and amortisation		
Depreciation		
Furniture and fittings	3,982	1,852
Amortisation		
Franchise fees	11,297	11,297
Total depreciation and amortisation	15,279	13,149
Finance costs		
Bad and doubtful debts expenses	-	25
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
Audit or review of the financial report	5,180	5,240

4. 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.

Notes to Financial Statements (continued)

4. Income tax (continued)

a) The components of tax expense comprise:	2019 $	2018 $
Current tax expense	78,742	65,490
Deferred tax expense	(5,836)	(3,272)
Recoupment of franking credits	(4,214)	(2,477)
	68,692	**59,741**

b) Prima facie tax payable

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit before income tax at 27.5% (2018 : 27.5%)	71,747	61,537
Less imputation credits	(4,214)	(2,477)
Add tax effect of:		
Franking credits on dividends	1,159	681
Income tax attributable to the entity	**68,692**	**59,741**
The applicable weighted average effective tax rate is:	26.33%	26.70%

c) Current tax liability:

Current tax relates to the following: *Current tax liabilities/(assets)*

Opening balance	31,659	26,927
Income tax paid	(81,752)	(58,281)
Current tax	78,742	65,490
Recoupment of franking credits	(4,214)	(2,477)
	24,435	**31,659**

d) Deferred tax asset:

Deferred tax relates to the following:

Deferred tax assets balance comprises:		
Employee provisions	27,013	23,109
Deferred tax liabilities balance comprises:		
Accrued income	847	2,779
Listed Investments	16,001	-
	16,848	2,779
Net deferred tax asset / liability	**10,165**	**20,330**

Notes to Financial Statements (continued)

4. Income tax (continued)

	2019 $	2018 $
e) Deferred income tax included in income tax expense comprises:		
Decrease/ (increase) in deferred tax assets	(3,904)	(4,219)
(Decrease) /increase in deferred tax liabilities	(1,932)	947
Under/ (over) provision in prior years	16,001	-
	10,165	**(3,272)**

5. 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.

	2019 $	2018 $
Cash at bank and on hand	435,087	87,157
	435,807	**87,157**

6. 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 in accordance with the expected credit loss model or 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 in profit or loss.

Current	2019 $	2018 $
Trade receivables	90,156	91,306
Other receivables	3,081	10,106
	93,237	**101,412**

Credit Risk

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

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

6. Trade and other receivables (continued)

	Gross amount $	Not past due $	Past due but not impaired <30 days $	31-60 days $	>60 days $	Past due & impaired $
2019						
Trade receivables	90,156	90,156	-	-	-	-
Other receivables	3,081	3,081	-	-	-	-
Total	**93,237**	**93,237**	**-**	**-**	**-**	**-**
2018						
Trade receivables	91,306	91,306	-	-	-	-
Other receivables	10,106	10,106	-	-	-	-
Total	**101,412**	**101,412**	**-**	**-**	**-**	**-**

7. Financial assets

a) Classification of financial assets
The company classifies its financial assets in the following categories:
- amortised cost
- fair value through other comprehensive income (FVTOCI)

Classifications are determined by both:
- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets.

b) Measurement of financial assets
Financial assets at fair value through other comprehensive income (FVTOCI)
Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVTOCI. Under this category, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss. Dividend income is taken to profit or loss unless the dividend clearly represents return of capital.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as government bonds that were previously classified as held-to-maturity under AASB 139.

Notes to Financial Statements (continued)

7. Financial assets (continued)

c) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:
• financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
• financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

d) Derecognition

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

As at 30th June 2019 financial assets of the company comprise

	2019 $	2018 $
Held to maturity financial assets		
Term deposits	503,486	741,965
Available for sale financial assets		
Listed investments (market value 30 June 2018 $222,634)	325,760	196,826
	829,246	**938,791**

The effective average interest rate on the bank deposits was 2.28% (2018:2.3%). These deposits have a term of 5-7 months, maturing between July and December.

Notes to Financial Statements (continued)

8. Property, plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.
The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

		2019 $	
	At cost	**Accumulated depreciation**	**Accumulated depreciation**
Leasehold improvements - at cost	99,823	(99,823)	-
Furniture and fittings - at cost	59,016	(54,286)	4,730
Total property, plant and equipment	158,839	(154,109)	4,730

		2018 $	
	At cost	**Accumulated depreciation**	**Accumulated depreciation**
Leasehold improvements - at cost	99,823	(99,823)	-
Furniture and fittings - at cost	55,971	(50,303)	5,668
Total property, plant and equipment	155,794	(150,126)	5,668

Notes to Financial Statements (continued)

8. Property, plant and equipment (continued)

Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2019 (2018:None)

Movements in carrying amounts of Property, Plant & Equipment

2019 $	Opening wriiten down value	Additions	Depreciation	Closing written down value
Furniture and fittings	5,668	3,044	(3,982)	4,730
Total property, plant and equipment	**5,668**	**3,044**	**(3,982)**	**4,730**

2018 $	Opening wriiten down value	Additions	Depreciation	Closing written down value
Furniture and fittings	6,738	781	(1,852)	5,668
Total property, plant and equipment	**6,738**	**781**	**(1,852)**	**5,668**

9. Intangible Assets

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

2019 $	At cost	Accumulated depreciation	Written down value
Franchise fees	56,484	(39,539)	16,945
Total intangible assets	**56,484**	**(39,539)**	**16,945**

2018 $	At cost	Accumulated depreciation	Written down value
Franchise fees	56,484	(28,242)	28,242
Total intangible assets	**56,484**	**(28,242)**	**28,242**

Movements in carrying amounts

2019 $	Opening wriiten down value	Additions	Depreciation	Closing written down value
Franchise fees	28,242	-	(11,297)	16,945
Total intangible assets	**28,242**	**-**	**(11,297)**	**16,945**

2018 $	Opening wriiten down value	Additions	Depreciation	Closing written down value
Franchise fees	39,539	-	(11,297)	28,242
Total intangible assets	**39,539**	**-**	**(11,297)**	**28,242**

Notes to Financial Statements (continued)

10. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.
Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

11. Trade and other payables

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.

	2019	2018
Current	**$**	**$**
Unsecured liabilities		
Trade creditors	4,417	2,832
Other creditors and accruals	28,337	29,981
	32,754	**32,813**

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

12. 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.

12. Provisions (continued)

	2019 $	2018 $
Current		
Employee benefits	87,838	76,910
Non-current		
Employee benefits	10,392	7,122
Total provisions	**98,230**	**84,032**

13. Share capital

Ordinary shares are classified as equity.

418,708 Ordinary shares fully paid	418,708	418,708
	418,708	**418,708**

a) Movements in share capital

Fully Paid ordinary shares:		
At the beginning of the reporting period	418,708	418,708
Shares issued during the year	-	-
At the end of the reporting period	**418,708**	**418,708**

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

b) Capital management

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

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

(i) the Distribution Limit is the greater of:
- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Notes to Financial Statements (continued)

13. Share Capital (continued)

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

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

14. Retained earnings

	2019 $	2018 $
Balance at the beginning of the reporting period	514,388	383,853
Profit after income tax	192,206	164,031
Dividends paid	(33,497)	(33,496)
Balance at the end of the reporting period	**673,097**	**514,388**

15. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year	2019 $	2018 $
Final ordinary dividend of 8 cents per share (2017: 8 cents) fully franked at the tax rate of 27.5% (2017: 27.5%).	33,497	33,496

A provision is made for the amount of any dividends declared, authorised payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

16. Reserves

	2019 $	2018 $
Dividend equalisation reserve		
Balance at the beginning of the reporting period	100,000	100,000
Financial Asset at Fair Value through Other Comprehensive Income Reserve		
Recognised at adoption of AASB 9	18,711	-
Fair value movements during the year	23,475	-
Balance at the end of the reporting period	42,186	
Total Reserves at the end of the reporting period	**142,186**	**100,000**

Notes to Financial Statements (continued)

17. Earning per share

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

	2019 $	2018 $
Basic earnings per share (cents)	51.51	39.18
Earnings used in calculating basic earnings per share	215,681	164,031
Weighted average number of ordinary shares used in calculating basic earnings per share	418,708	418,708

18. Statement of cash flows

a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:	**2019 $**	**2018 $**
Cash and cash equivalents (note 5)	435,087	87,157
As per the statement of cash flow	**435,087**	**87,157**

b) Reconciliation of cash flow from operators with profit after income tax

Profit after income tax	192,206	164,031
Non-cash flows in profit		
- Depreciation & Amortisation	15,279	13,149
Changes in assets and liabilities		
- (increase) /decrease in trade and other receivables	8,175	(6,983)
- (increase) /decrease in deferred tax asset	(5,836)	(3,272)
- Increase/ (decrease) in trade and other payables	(59)	(5,293)
- Increase/ (decrease) in current tax liability	(7,224)	4,732
- Increase/ (decrease) in provisions	14,198	15,341
Net cash flows from operating activities	**216,739**	**181,705**

Notes to Financial Statements (continued)

19. Key management personnel and related party disclosures

a) Key management personnel
Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company 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 other 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.

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	Value $
Small Maxwell Pty Derek Alden	Accounting/Share Registry Services	17,379

The Directors of Clarence Valley Community Financial Services have not accepted the Bendigo and Adelaide Bank Limited's **Community Bank** Directors Privileges package.

d) Key management personnel share holdings

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

	2019	2018
Peter James	1,001	1,001
Derek Alden	1	1
Mervyn Smidt	11,000	11,000
Anthony Wade	3,001	3,001
Ian McGaw	5,000	5,000
Brian Heath	500	-
Karen Toms	-	-
Tania Williams	-	-
Allan Morgan	-	-
Patricia Strong	-	-
	20,503	20,003

Brian Heath purchased 500 shares during the year.
Each share held has a paid up value of $1 and is fully paid.

Notes to Financial Statements (continued)

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

e) Other key management transactions

There have been no other transactions with key management or related parties other than those described on the previous page.

20. Events after the reporting period

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

21. Contingent liabilities and contingent assets

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

22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being the Clarence Valley, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 99% of the revenue (2018: 98%).

23. Commitments

Operating lease commitments

	2019 $	2018 $
Payable		
- No later than 12 months	16,392	15,971
- Between 12 months and five years	6,939	23,389
Minimum lease payments	**23,331**	**39,360**

The property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance and with CPI increases each year.

24. Company details

The registered office is Level 1, 50 Victoria Street, Grafton and the principal place of business is 62 Skinner Street, South Grafton.

Notes to Financial Statements (continued)

25. Financial instrument risk

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

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

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables. The totals for each category of financial instruments measured in accordance with *AASB9 Financial Instruments* as detailed in the accounting policies are as follows:

	Note	2019 $	2018 $
Financial assets			
Cash and cash equivalents	5	435,087	87,157
Trade and other receivables	6	93,237	101,412
Financial assets	7	829,246	938,791
Total financial assets		**1,357,570**	**1,127,360**
Financial Liabilities			
Trade and other payables	11	32,754	32,813
Total financial liabilities		**32,754**	**32,813**

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

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

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

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

None of the assets of the company are past due (2018: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

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

Notes to Financial Statements (continued)

25. Financial instrument risk (continued)

b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.
Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

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

Financial liability and financial asset maturity analysis:

30 June 2019	**Weighted average interest rate**	**Total**	**Within 1 year**	**1 to 5 years**	**Over 5 years**
Financial assets	**%**	**$**	**$**	**$**	**$**
Cash and cash equivalents	0.84	435,087	435,087	-	-
Trade and other receivables	-	93,237	93,237	-	-
Financial assets	2.75	829,246	829,246	-	-
Total anticipated inflows		**1,357,570**	**1,357,570**	**-**	**-**
Financial Liabilities					
Trade and other payables	-	32,754	32,754	-	-
Total expected outflows		**32,754**	**32,754**	**-**	**-**
Net inflow/ (outflow) on financial instruments		**1,324,816**	**1,324,816**	**-**	**-**

30 June 2018	**Weighted average interest rate**	**Total**	**Within 1 year**	**1 to 5 years**	**Over 5 years**
Financial assets	**%**	**$**	**$**	**$**	**$**
Cash and cash equivalents	0.30	87,157	87,157	-	-
Trade and other receivables	-	101,412	101,412	-	-
Financial assets	2.30	938,791	938,791	-	-
Total anticipated inflows		**1,127,360**	**1,127,360**	**-**	**-**
Financial Liabilities					
Trade and other payables	-	32,813	32,813	-	-
Total expected outflows		**32,813**	**32,813**	**-**	**-**
Net inflow/ (outflow) on financial instruments		**1,094,547**	**1,094,547**	**-**	**-**

Notes to Financial Statements (continued)

25. Financial instrument risk (continued)

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

The primary risks the company is exposed to is interest rate risk and other price risk. The company has no exposure to fluctuations in foreign currency.

Interest rate risk
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 are fixed interest securities, and cash and cash equivalents.
Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:
- A parallel shift of +/- 0.5% in market interest rates from year-end rates.

These movements will not have a material impact on the valuation of the company's financial assets and liabilities, nor will they have a material impact on the results of the company's operations.

Other price risk
The company is exposed to other price risk on its listed investment carried at fair value, whereby a change in share prices will affect the fair value of the financial instruments.
Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:
- A parallel shift of +/- 3% in equity prices from year-end rates.

These movements will not have a material impact on the valuation of the company's investments, nor will they have a material impact on the results of the company's operations.

26. Fair value measurments

The company may measure some of its assets at fair value on a recurring or basis, depending on the requirements of the applicable Accounting Standard.
Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.
As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.
To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

26. Fair value measurments (continued)
For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.
The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:
- listed investments

The company does not subsequently measure any liabilities at fair value on a non-recurring basis.

(a) Fair value hierarchy
AASB 13: Fair value measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels as follows:
Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 - Measurements based on unobservable inputs for the asset or liability.

Fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The following tables provide the fair values of the company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

30 June 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Financial assets				
Listed investments	325,760	-	-	325,760
Total financial assets recognised at fair value	325,760	-	-	325,760

1 July 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Financial assets				
Listed investments	222,634	-	-	222,634
Total financial assets recognised at fair value	222,634	-	-	222,634

There were no transfers between Levels for assets measured at fair value on a recurring basis during the reporting period (2018: no transfers).

Notes to Financial Statements (continued)

26. Fair value measurements (continued)

(b) Valuation techniques

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

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

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

Listed investments are valued based on the bid price of the security at 30 June.

Directors' Declaration

In accordance with a resolution of the Directors of Clarence Valley Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 41 are in accordance with the Corporations Act 2001 and:

    (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

    (ii) give a true and fair view of the company's financial position as at 30 June 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.

This resolution is made in accordance with a resolution of the Board of Directors.

Peter James
Director

Signed at Grafton on 12 September 2019.

Independent auditor report

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CLARENCE VALLEY COMMUNITY FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Clarence Valley Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(a) the financial report of Clarence Valley Community Financial 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 performance for the year then ended; and

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

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

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

Director's Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

Independent auditor report (continued)

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

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated: 16 September 2019

Your **Community Bank** branch staff

Mark Hunting
Branch Manager

Jenny Dutton
Customer Relationship Manager

Vicki Hageman
Customer Service Officer

Lee Devine
Customer Service Officer

Judy Hubbard
Snr Customer Service Officer

Lu Milligan
Customer Service Officer

Briony Rediger
Customer Service Officer

Debby Thompson
Customer Service Officer

Corey Rodgers
Mobile Relationship Manager

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