Dancoor Community Finances Limited

ABN 32 121 053 129

2019 Annual Report

Dandaragan Coorow Community Bank Branch
Dandaragan Agency
Coorow Agency

Contents

Chairman's report

For year ending 30 June 2019

Welcome to the 2019 Annual Report of Dancoor Community Finances Limited.

The company is now over 12 years old and we're proud of the contribution we make to what is Australia's fifth largest bank and one of Australia's most trusted brands. The Community Bank model is heralded as an example of a great way of doing business. We continue to work closely with our partner, Bendigo and Adelaide Bank Limited, on ways to improve the customer experience; to promote our products and services; and to grow our business.

We are also proud of our ongoing contribution to the community through our sponsorship packages, donations and other forms of support. This community support is integral to growing the business, generating a profit and increasing the value of our shareholders' investments. The company has now contributed in excess of $150,000 to community-based clubs and associations over the past 12 years. This is a major part of our market development obligations established in the franchise agreement. This support for clubs, associations and other groups provides a platform to promote our brand and to grow goodwill within the community. Our constant message, being 'support the bank that supports your community'.

In recent years I have commented on how difficult it is to generate profits when interest rates are at record lows, the economy is sluggish and the housing sector all but stagnant, particularly in country and regional areas. 2018/19 has been no different, with the Reserve Bank of Australia continuing to lower interest rates to stimulate the economy. From a banking perspective, combining that with low property sales, has meant a very challenging environment.

Over the past year we have continued to implement our Strategic Business Transformation Plan, focusing on initiatives that provide the best opportunity for improved performance. One significant goal identified in the Plan is achieving a stable workforce. I am pleased to report some very positive results in this area, including no loss of staff during the year and the recruitment of Stephen Brown, a very experienced Bank Manager, to head up our Dandaragan Coorow Community Bank Branch in Jurien Bay. The performance of our staff over the past year has been excellent, no doubt due in part to the leadership shown by Stephen and the willingness of all staff to accept the challenges of working in a today's complex banking environment. I thank all our staff for their commitment to the business over the past year.

Another significant strategy of our Business Transformation Plan was to shift our focus from the residential market towards the rural market, and to seek accreditation with the Rural Bank. The Board believes the rural sector has considerably more potential given the expanse of rural land that exists within the Dandaragan and Coorow shires. To achieve this strategy, the Board aimed to recruit a Manager with a sound knowledge of the rural sector, exposure to rural banking and relevant contacts within the rural industry. Stephen fitted that bill perfectly and has made an immediate impact.

In early 2018 we established an agency of the Community Bank branch at Dandaragan, under the management of agency owners and proprietors of the Dandaragan General Store, Roger and Adele Scott. I think it is fair to say that the response from the Dandaragan community has been slower than expected and the business is yet to have any significant impact. I thank Roger and Adele, and Dandaragan agency staff for their commitment to growing the agency and their contribution to the company.

Our other agency at Coorow, managed by staff at Coorow Community Resource Centre, continues to provide the Coorow community with great service, while proving to be a valuable rural outreach facility for the company. As we build our focus on rural banking the Coorow agency will play an increasingly important role in promoting the products available to the rural sector. I thank all the staff involved at Coorow for their ongoing dedication and commitment to the company.

Unfortunately, we lost the services of two Board members during the year. Peter Holmes was unable to continue as a Director due to competing commitments, while Rob Collender also called it quits as a result of a change in employment circumstances. Both were diligent members of the Board, and I thank them for their contributions. On a positive note our efforts to recruit more Directors has seen Yola Rutkowska, a Bendigo Bank staff member, and Alison Cooke a Research Officer, join the Board. Both have already made valuable contributions.

Chairman’s report (continued)

One of the company’s inaugural Directors and our longest serving Board member retires at the AGM. Graeme Maley has been an incredibly loyal and hardworking Director, holding the role of Company Secretary for most of his 12 plus years on the Board. Graeme’s knowledge, experience and guidance will be sorely missed. I thank Graeme for his exceptional contribution to the company and the Board, I wish him and his family the very best for the future.

I would also acknowledge the contribution of Bendigo and Adelaide Bank Limited and the assistance given by Mark Edwards, Suza Todorovska, Alex Dickson and others in head office throughout the year. Their guidance and direction have been invaluable. Bendigo and Adelaide Bank Limited has again provided market development funds, which are used for marketing and promotional purposes, including our advertising and sponsorship campaigns.

Despite the hard work of the staff and the Board over the past 12 months, our financial performance did not reach expectations. The Board went into the year with a new direction, a new Manager and a shift in focus from residential to rural banking. We understood the benefits would not be realised in the short term, however, did not account for the extended lead time that eventuated. The Board is disappointed, however has complete faith in the Manager, our staff and in the direction we are now taking. I expect a much improved performance in 2019/20.

We will continue to work hand-in-hand with our staff on growing all aspects of the business, with the aim of rewarding our shareholders for their patience and their faith. As a shareholder, I thank you for your ongoing support, but I put the challenge to you to take the time to help us grow your business. If every single one of our shareholders referred just one or two customers, imagine the growth to our business and to your investment. Stephen Brown, our Branch Manager is ready to act on your referrals. Make yourself known to Stephen and help us to build your Community Bank company.

Robert Shanhun
Chairman

Manager's report

For year ending 30 June 2019

I would like to present to shareholders an overview of branch and agency operations of Dancoor Community Finances Limited for the 2018/19 year. As you will recall I commenced in the role of Branch Manager on 6 July 2018. At that time the Board of Directors had a very clear plan of what was required to turn around the business and set it up for the future. This is a three year plan which is added to and extended to ensure it is a living document with very clear, ongoing, achievable results defined.

Suffice to say, the continuation of falling property values across all Australia, but more significantly in Perth and regional Western Australia has impacted on consumers and their confidence to borrow. A stubbornly high unemployment rate has not helped consumer confidence. The ongoing reduction in interest rates from the Reserve Bank has done little to impact consumer confidence or spending.

Fortunately, the Community Bank branch at Jurien Bay services four local communities all heavily involved in tourism with the result that small business in our branch area continues to prosper. Our two agencies at Dandaragan and Coorow are predominantly agriculture focused and for these communities the 2018/19 season was excellent.

Part one of the turnaround plan was to stabilise the business and for me to understand our client base, the agency structure and operations, and work with the staff to implement changes that will assist to grow the business. I am pleased to report that this has occurred and that we have been able to retain all staff for the 2018/19 year. This alone provides a very positive picture for our clients and visitors to the branch. As a result, I am pleased to report that our Balance Sheet has grown during the year. Unfortunately, interest rate reductions and resulting margin squeeze have not allowed us to make a significant impact on income. During the year we have made advances in control of our expense base and have a very concise Budget for the 2019/20 year.

The second part of the turnaround plan was a very clear focus on developing business from the agriculture sector via our two agencies. Stage one of this plan was to achieve full accreditation as a Rural Bank branch. I am pleased to advise that this was achieved in August 2019 and resulted in an immediate increase in income from the existing Rural Bank business on our Balance Sheet. At present we have a number of opportunities for growth in this area over the next few months and will be focusing a large portion of our activities and sponsorships for 2019/20 in the Dandaragan, Badgingarra and Coorow areas.

As a result of the work undertaken by myself, the Board and all my staff I can now clearly see the direction the branch needs to head in and at the same time see the benefits to the business these changes will result in. Whilst the result for 2018/19 was another loss, there were some positive signs during this period with a monthly profit recorded on more than one occasion throughout the year. The 2019/20 financial year has started off with the business recording a small operating profit for the months of July and August. We have set a Budget that aims to record a profit for the full 2019/20 year.

Finally I would like to thank the Board, current and new Directors, for their support throughout the year. Our staff, Nikita, Wendy, Sharon and Erica for their support and contribution to operations for the year and finally Kevin Bright for his support to us all in achieving our full Rural Bank accreditation.

Throughout the coming months I will be continuing to visit the communities within the Dandaragan and Coorow shires on a regular basis and attending business and social events allowing me the best opportunity to meet with shareholders, customers and potential new customers and discuss the Community Bank business model and how we can help you to help your community.

I encourage you all to help spread the word about what our Community Bank branch is all about. When we can offer great products, great service and a tangible benefit to your community, why wouldn't you bank with us?

If you would like to discuss any banking requirements you or your business has, please feel free to ring me or drop into the branch in Jurien Bay.

Stephen Brown
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2019

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

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

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

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

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

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

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

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

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

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2019

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

Directors

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

Robert William Shanhun
Chair
Occupation: Self employed - Remedial Massage Therapist
Qualifications, experience and expertise: Past & present occupations: Twenty-two years working for a number of Local Government Authorities within finance, administration and community development sectors. Eight years working for the State Government of Western Australia with the Department of Indigenous Affairs - Principal Policy and Projects Officer; and Department of Lands - Manager Native Title; and Department of Lands Business Manager. Involvement in Community Groups: I am currently a member of the Jurien Bay Mens Shed; and playing member and Secretary of the Cervantes Bowling Club. Formerly involved with Albany Volunteer Resource Centre – Chairman; Albany Youth Support Association – Chairman; Albany Boating & Offshore Fishing Club – President. Over 40 years involvement with various other community groups. Tertiary qualifications: Diploma - Community Welfare Work; Diploma - Community Service Management; Advanced Diploma - Business Management; Diploma - Remedial Massage. Employment Skills: Trained as a workplace trainer and facilitator, with skills in project management; policy development; and risk management.
Special responsibilities: Chair
Interest in shares: Nil

Keiran Ashley Sullivan
Treasurer
Occupation: Chartered Accountant
Qualifications, experience and expertise: Kieran is a Director and Partner of RSM Australia Pty Ltd which is currently the 6th largest global audit, tax and consulting network. He is a Chartered Accountant and member of ICAANZ. He is also a Chartered Tax Advisor and member of the Tax Institute of Australia. He has over 20 years of accounting, tax and advisory experience and holds a Bachelor of Business degree from Edith Cowan University. Keiran is also involved in local not for profit and sporting groups.
Special responsibilities: Treasurer, Finance Committee
Interest in shares: 1,000

Graeme John Maley
Secretary
Occupation: Farmer
Qualifications, experience and expertise: Graeme is the part owner and Director of Coorow Seeds, a grain cleaning, processing and export facility based in Coorow, WA. He is a member (Hon Secretary) of Coorow Golf Club and also a member of Coorow Bowling Club. He is a committee member of Coorow Community Land Incorporated, a local community development organisation. Past Chairman and now Treasurer of Coorow Community Resource Centre. Farming at Marchagee, WA. Sold the farm but continues a small area of lease.
Special responsibilities: Secretary, Business Development Committee
Interest in shares: 5,001

Directors *(continued)*

Peter John House
Director
Occupation: Manager
Qualifications, experience and expertise: With over 20 years of experience in supervisory roles, Peter is adept in the management of people, scheduled performances and materials. Moreover, whilst his experience as a Café Manager and Retail Sales Manager afforded him a well-rounded skill set, including first rate organisational and communication skills. He also exceeds in managing large teams of trades while ensuring safety, budget and time constraints are met without compromising quality. In his previous roles at Caltex, he has managed and led 6 direct reports who reported on franchise performances including sales and profit, acquisition and assets, safety and staff performance. At times he was required to provide effective supervision to about 1,250 indirect reports. He has the ability to motivate staff, nurture a culture of teamwork, teach others to remain calm under pressure and have superb decision making capabilities. He also has experience in managing underperforming staff and undertaking disciplinary procedures when required.
Special responsibilities: Audit and Finance Committee
Interest in shares: Nil

Matthew James Sporn
Director
Occupation: Mobile Relationship Manager - Bendigo Bank
Qualifications, experience and expertise: 8 years working in Banking and Finance with Bendigo and Adelaide Bank, specialising in residential and small business lending, involvement in community organisations such as Rockingham/Kwinana Young Professionals and member of Perth Young Professionals. Experience in marketing through social media platforms and engagement with youth. Qualifications include Tier 1, RG146 Generic Knowledge, Certificate IV Frontline Management, Duties of Officers and Directors GIA.
Special responsibilities: Nil
Interest in shares: Nil

Jolanta Anna Rutkowska
Director *(Appointed 21 September 2018)*
Occupation: Middle Markets Manager
Qualifications, experience and expertise: Jolanta is a Middle Markets Manager at Bendigo and Adelaide Bank, which involves increasing market share of Bendigo Bank core banking business and all its alliance services by identifying lending opportunities in the broader market for asset & liability growth through business development ensuring all existing & new customers financial needs are met. Jolanta previously worked at St George Bank as a Senior Relationship Manager (February 2015 to May 2015), Senior Relationship Manager Property Finance (October 2006 to February 2015), Relationship Manager Property Finance (August 2004 to October 2006), Relationship Manager Private Banking (July 2003 to July 2004), Senior Account Executive (July 2002 to July 2003) and Account Executive (October 1998 to June 2002). She also worked as a Business Banking Credit Analyst at Challenge Bank from April 1994 to September 1998. Jolanta is a member of CPA Australia and also holds a Bachelor of Business, double major in Accounting & Finance.
Special responsibilities: Nil
Interest in shares: Nil

Alison Cooke
Director *(Appointed 3 May 2019)*
Occupation: Research Officer - Dept Premier & Cabinet
Qualifications, experience and expertise: Tertiary qualifications - Bachelor of Business (Horticulture) with 30 years experience working in SME. This includes working in journalism for trade peppers in WA and the UK. Partner in mixed farming enterprise at Badgingarra. Mother of two with a strong commitment to local community and sporting groups. Longstanding involvement with Badgingarra P & C including President & Secretary. Previously served on the state reference group for Partners in Grain (WA).
Special responsibilities: Nil
Interest in shares: Nil

Directors *(continued)*

Peter Frederick Holmes
Director *(Resigned 3 May 2019)*
Occupation: Retired
Qualifications, experience and expertise: Completed Year 12 TEE Diploma in Human Services Certificate in a qualified Social Trainer for Activ Foundation for seventeen years where he finished as an Accommodation Supervisor. Prior to that a clerk at Thomas Borthwick & Sons for 3 years. A qualified professional tennis coach and owner operator of Stirling Tennis Academy for seven years. Owner operator of Pinnacles Caravan Park and Seashells Cafe in Cervantes for 10 years.
Special responsibilities: Nil
Interest in shares: Nil

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

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

Company Secretary

The company secretary is Graeme John Maley. Graeme was appointed to the position of secretary on 3 August 2006.

Graeme is the part owner and Director of a seed cleaning business in Coorow. He has also had experience as the Chairman of the Coorow Telecentre from 2000 to 2003 and continues as Treasurer.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2019 $	Year ended 30 June 2018 $
(35,349)	(15,069)

Dividends

No dividends were declared or paid for the previous year and the directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

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

Events since the end of the financial year

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

Likely developments

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

Environmental regulation

The company is not subject to any significant environmental regulation.

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Directors' Meetings	
	Eligible	Attended
Robert William Shanhun	11	9
Keiran Ashley Sullivan	11	7
Graeme John Maley	11	8
Peter John House	11	2
Matthew James Sporn	11	10
Jolanta Anna Rutkowska *(Appointed 21 September 2018)*	8	8
Alison Cooke *(Appointed 3 May 2019)*	2	1
Peter Frederick Holmes *(Resigned 3 May 2019)*	9	2

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

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

Non audit services

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

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

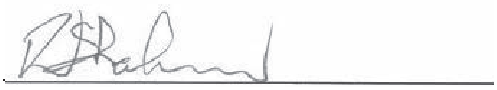
The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

Auditor's independence declaration

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

Signed in accordance with a resolution of the board of directors at Jurien Bay, Western Australia on 16 September 2019.



Robert William Shanhun, Chair

Auditor's independence declaration

Partners in success
Chartered Accountants
61 Bull Street, Bendigo 3550
PO Box 454, Bendigo 3552
03 5443 0344
afsbendigo.com.au

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 16 September 2019

Joshua Griffin
Lead Auditor

Taxation | Audit | Business Services

Dancoor Community Finances Limited
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 $	2018 $
Revenue from ordinary activities	4	466,834	459,414
Employee benefits expense		(287,349)	(272,724)
Charitable donations, sponsorship, advertising and promotion		(25,242)	(17,148)
Occupancy and associated costs		(74,924)	(78,808)
Systems costs		(20,413)	(19,891)
Depreciation and amortisation expense	5	(20,492)	(15,166)
Finance costs	5	(3,458)	(945)
General administration expenses		(83,003)	(75,339)
Loss before income tax credit		(48,047)	(20,607)
Income tax credit	6	12,698	5,538
Loss after income tax credit		(35,349)	(15,069)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		(35,349)	(15,069)
Earnings per share		¢	¢
Basic earnings per share	22	(2.34)	(1.00)

The accompanying notes form part of these financial statements.

Dancoor Community Finances Limited
Balance Sheet
as at 30 June 2019

	Notes	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	7	1,480	839
Trade and other receivables	8	31,607	19,174
Total current assets		33,087	20,013
Non-current assets			
Property, plant and equipment	9	32,137	10,259
Intangible assets	10	36,935	50,365
Deferred tax asset	11	428,542	415,844
Total non-current assets		497,614	476,468
Total assets		530,701	496,481
LIABILITIES			
Current liabilities			
Trade and other payables	12	40,615	36,859
Borrowings	13	78,728	27,177
Provisions	14	21,412	7,053
Total current liabilities		140,755	71,089
Non-current liabilities			
Trade and other payables	12	14,935	29,870
Borrowings	13	11,763	-
Provisions	14	4,147	1,072
Total non-current liabilities		30,845	30,942
Total liabilities		171,600	102,031
Net assets		359,101	394,450
EQUITY			
Issued capital	15	1,578,820	1,578,820
Accumulated losses	16	(1,219,719)	(1,184,370)
Total equity		359,101	394,450

The accompanying notes form part of these financial statements.

Dancoor Community Finances Limited
Statement of Changes in Equity
for the year ended 30 June 2019

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2017	1,578,820	(1,169,301)	409,519
Total comprehensive income for the year	-	(15,069)	(15,069)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2018	**1,578,820**	**(1,184,370)**	**394,450**
Balance at 1 July 2018	1,578,820	(1,184,370)	394,450
Total comprehensive income for the year	-	(35,349)	(35,349)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2019	**1,578,820**	**(1,219,719)**	**359,101**

The accompanying notes form part of these financial statements.

Dancoor Community Finances Limited
Statement of Cash Flows
for the year ended 30 June 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		502,875	502,213
Payments to suppliers and employees		(519,573)	(495,525)
Interest paid		(3,458)	(945)
Net cash provided by/(used in) operating activities	17	(20,156)	5,743
Cash flows from investing activities			
Payments for property, plant and equipment		(28,940)	(9,071)
Payments for intangible assets		(13,577)	(13,577)
Net cash used in investing activities		(42,517)	(22,648)
Cash flows from financing activities			
Proceeds from borrowings		28,940	-
Repayment of borrowings		(7,646)	-
Net cash provided by financing activities		21,294	-
Net decrease in cash held		(41,379)	(16,905)
Cash and cash equivalents at the beginning of the financial year		(26,338)	(9,433)
Cash and cash equivalents at the end of the financial year	7(a)	(67,717)	(26,338)

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2019

Note 1.	Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

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

AASB 15 Revenue from Contracts with Customers

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

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

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

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

a) Basis of preparation *(continued)*

Application of new and amended accounting standards (continued)

AASB 9 Financial Instruments

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

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

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

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

AASB 16 Leases

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

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

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

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

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

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

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of $125,619.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank** branch at Jurien Bay and agencies in Dandaragan and Coorow, Western Australia.

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

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

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

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

a) Basis of preparation *(continued)*

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

- advice and assistance in relation to the design, layout and fit out of the Community Bank branch
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations.

Going concern

The net assets of the company as at 30 June 2019 were $359,101 and the loss after tax made for the year was $35,349, bringing accumulated losses to $1,219,719.

In addition:	$
Total assets were	530,701
Total liabilities were	171,600
Operating cash flows were	(20,156)

There was a 135% increase in the loss after tax recorded for the financial year ended 30 June 2019 when compared to the prior year.

The company meets its day to day working capital requirements through an overdraft facility that is due for renewal on 27 August 2019. The overdraft has an approved limit of $100,000 and was drawn to $69,197 as at 30 June 2019.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the directors' report on pages 6 to 10. The financial position of the company, its cash flows, liquidity position and borrowing facilities are described in the financial statements.

The current economic environment is difficult and while revenue increased the company has again reported an operating loss for the year. The directors consider that the outlook presents significant challenges in terms of banking business volume and pricing as well as for operating costs. Whilst the directors have instituted measures to preserve cash and secure additional finance, these circumstances create material uncertainties over future trading results and cash flows.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current overdraft facility.

The company has held discussions with Bendigo and Adelaide Bank Limited about its future borrowing needs. It is likely that these discussions will not be completed for some time but no matters have been drawn to its attention to suggest that renewal may not be forthcoming on acceptable terms. The company has also obtained an undertaking of support from Bendigo and Adelaide Bank Limited that it will continue to support the company and its operations for the 2019/20 financial year. This support is provided on the basis that the company continues to fulfil its obligations under the franchise agreement and continues to work closely with Bendigo and Adelaide Bank Limited to further develop its business.

The directors have concluded that the combination of the circumstances above represents a material uncertainty that casts doubt upon the company's ability to continue as a going concern and that, therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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

a) Basis of preparation *(continued)*

Going concern (continued)

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

b) Revenue

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

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

Revenue calculation

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

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

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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

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

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

Commission

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

Fee income

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

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

b) Revenue *(continued)*

Discretionary financial contributions

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

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

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

Ability to change financial return

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

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

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

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

Monitoring and changing financial return

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

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

c) Income tax

Current tax

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

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

c) Income tax *(continued)*

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

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

g) Property, plant and equipment

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

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

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

- leasehold improvements	5 - 15	years
- plant and equipment	2.5 - 40	years

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

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

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

k) Financial instruments *(continued)*

Classification and subsequent measurement

(i) Financial liabilities

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

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

(ii) Financial assets

Financial assets are subsequently measured at:

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

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

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

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

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

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

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

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

Derecognition

(i) Derecognition of financial liabilities

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

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

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

k) Financial instruments *(continued)*

(ii) Derecognition of financial assets

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

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

Impairment

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

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

Loss allowance is not recognised for:

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

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

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

(ii) Derecognition of financial assets (continued)

This approach is applicable to:

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

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

Recognition of expected credit losses in financial statements

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

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

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

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

m) Provisions

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

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

n) Issued capital

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

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

(iii) Credit risk *(continued)*

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

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

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

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

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

Expected credit loss assessment for other customers

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Note 2. Financial risk management *(continued)*

(vi) Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Balance Sheet.

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

The distribution limit is the greater of:

(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2019 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Impairment of assets

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

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

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

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

Note 4. Revenue from ordinary activities	2019	2018
	$	$
Operating activities:		
- gross margin	308,819	295,054
- services commissions	58,069	48,483
- fee income	33,969	34,433
- market development fund	37,500	37,500
Total revenue from operating activities	438,357	415,470
Non-operating activities:		
- interest received	-	3
- other revenue	28,477	43,941
Total revenue from non-operating activities	28,477	43,944
Total revenues from ordinary activities	466,834	459,414

Note 5. Expenses		
Depreciation of non-current assets:		
- plant and equipment	2,802	1,735
- motor vehicle	4,260	-
Amortisation of non-current assets:		
- franchise agreement	2,238	2,311
- franchise renewal fee	11,192	11,120
	20,492	15,166
Finance costs:		
interest paid	3,458	945
Bad debts	166	231

Note 6. Income tax credit	Note	2019	2018
		$	$
The components of tax credit comprise:			
- Future income tax benefit attributable to losses		(13,868)	(6,384)
- Movement in deferred tax		1,170	846
		(12,698)	(5,538)
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax credit as follows			
Operating loss		(48,047)	(20,607)
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)		(13,212)	(5,668)
Add tax effect of:			
- non-deductible expenses		514	130
- timing difference expenses		(1,170)	(846)
		(13,868)	(6,384)
Movement in deferred tax		1,170	846
		(12,698)	(5,538)

Note 7. Cash and cash equivalents			
Cash at bank and on hand		1,480	839

Note 7.(a) Reconciliation to cash flow statement			
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:			
Cash at bank and on hand		1,480	839
Bank overdraft	13	(69,197)	(27,177)
		(67,717)	(26,338)

Note 8. Trade and other receivables	2019	2018
	$	$
Trade receivables	18,647	7,748
Prepayments	10,560	7,826
Other receivables and accruals	2,400	3,600
	31,607	19,174

Note 9. Property, plant and equipment		
Leasehold improvements		
At cost	168,779	168,779
Less accumulated depreciation	(168,779)	(168,779)
	-	-
Plant and equipment		
At cost	43,662	41,163
Less accumulated depreciation	(33,706)	(30,904)
	9,956	10,259
Computer equipment		
At cost	16,441	16,441
Less accumulated depreciation	(16,441)	(16,441)
	-	-
Motor Vehicle		
At cost	26,441	-
Less accumulated depreciation	(4,260)	-
	22,181	-
Total written down amount	32,137	10,259

Movements in carrying amounts:

Plant and equipment		
Carrying amount at beginning	10,259	2,924
Additions	2,499	9,070
Less: depreciation expense	(2,802)	(1,735)
Carrying amount at end	9,956	10,259
Motor Vehicle		
Carrying amount at beginning	-	-
Additions	26,441	-
Less: depreciation expense	(4,260)	-
Carrying amount at end	22,181	-
Total written down amount	32,137	10,259

Note 10. Intangible assets

	2019	2018
	$	$
Franchise fee		
At cost	32,746	32,746
Less: accumulated amortisation	(26,590)	(24,352)
	6,156	8,394
Renewal processing fee		
At cost	113,729	113,729
Less: accumulated amortisation	(82,950)	(71,758)
	30,779	41,971
Total written down amount	36,935	50,365

Note 11. Tax

Non-current:

Deferred tax assets		
- accruals	798	743
- employee provisions	7,029	2,234
- tax losses carried forward	429,554	415,686
	437,381	418,663
Deferred tax liability		
- property, plant and equipment	8,839	2,819
	8,839	2,819
Net deferred tax asset	428,542	415,844
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	12,698	(413,293)

Note 12. Trade and other payables

Current:

Trade creditors	3,261	8,783
Other creditors and accruals	37,354	28,076
	40,615	36,859

Non-current:

Other creditors and accruals	14,935	29,870

Note 13. Borrowings	Note	2019	2018
		$	$
Current:			
Bank overdrafts		69,197	27,177
Chattel mortgage	18	9,531	-
		78,728	27,177
Non-current:			
Chattel mortgage	18	11,763	-

The bank overdraft has an approved limit of $100,000 and is secured by a fixed and floating charge over the company's assets. The current interest rate is 4.09% (2018: 3.51%) per annum.

The company entered into a chattel mortgage for a 2017 Mitsubishi Outlander on 10 September 2018 for a three year term. Interest is charged at an average rate of 3.96%. The loan is secured by a fixed and floating charge over the company's assets.

Note 14. Provisions		
Current:		
Provision for annual leave	21,412	7,053
Non-current:		
Provision for long service leave	4,147	1,072

Note 15. Issued capital		
1,507,490 ordinary shares fully paid (2018: 1,507,490)	1,578,820	1,578,820

Rights attached to shares

(a) *Voting rights*

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

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

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

Note 15. Issued capital *(continued)*

Rights attached to shares *(continued)*

(b) *Dividends*

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

(c) *Transfer*

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 224. As at the date of this report, the company had 238 shareholders.

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

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

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

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

Note 16. Accumulated losses

	2019	2018
	$	$
Balance at the beginning of the financial year	(1,184,370)	(1,169,301)
Net loss from ordinary activities after income tax	(35,349)	(15,069)
Balance at the end of the financial year	(1,219,719)	(1,184,370)

Note 17. Statement of cash flows

	2019	2018
	$	$
Reconciliation of loss from ordinary activities after tax to net cash provided by/(used in) operating activities		
Loss from ordinary activities after income tax	(35,349)	(15,069)
Non cash items:		
- depreciation	7,062	1,735
- amortisation	13,430	13,431
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(12,433)	(1,688)
- (increase)/decrease in other assets	(12,698)	(5,538)
- increase/(decrease) in payables	2,398	8,664
- increase/(decrease) in provisions	17,434	4,208
Net cash flows provided by/(used in) operating activities	(20,156)	5,743

Note 18. Leases

Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	44,336	42,631
- between 12 months and 5 years	81,283	117,235
	125,619	159,866

The branch property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The option to renew the lease was exercised for a further five-year term on 4 April 2017.

Note 19. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,600	4,400
- non audit services	3,125	2,430
- share registry	1,448	-
	9,173	6,830

Note 20. Director and related party disclosures

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

Robert William Shanhun
Keiran Ashley Sullivan
Graeme John Maley
Peter John House
Matthew James Sporn
Jolanta Anna Rutkowska *(Appointed 21 September 2018)*
Alison Cooke *(Appointed 3 May 2019)*
Peter Frederick Holmes *(Resigned 3 May 2019)*

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

Directors Shareholdings	2019	2018
Robert William Shanhun	-	-
Keiran Ashley Sullivan	1,000	1,000
Graeme John Maley	5,001	5,001
Peter John House	-	-
Matthew James Sporn	-	-
Jolanta Anna Rutkowska *(Appointed 21 September 2018)*	-	-
Alison Cooke *(Appointed 3 May 2019)*	-	-
Peter Frederick Holmes *(Resigned 3 May 2019)*	-	-

There was no movement in directors shareholdings during the year.

Note 21. Key management personnel disclosures

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

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

Note 22. Earnings per share

		2019	2018
		$	$
(a)	Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(35,349)	(15,069)
		Number	Number
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,507,490	1,507,490

Note 23. Events occurring after the reporting date

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

Note 24. Contingent liabilities and contingent assets

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

Note 25. Segment reporting

The economic entity operates in the service sector where it facilitates Community Bank services in Jurien Bay, Western Australia pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 26. Registered office/Principal place of business

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

Registered Office	Principal Place of Business
11 Sandpiper Street Jurien Bay WA 6516	11 Sandpiper Street Jurien Bay WA 6516

Note 27. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $	2019 %	2018 %
Financial assets												
Cash and cash equivalents	1,480	839	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	18,647	7,748	N/A	N/A
Financial liabilities												
Interest bearing liabilities	69,197	27,177	-	-	-	-	-	-	-	-	4.09	3.51
Payables	-	-	-	-	-	-	-	-	3,261	8,783	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

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

	2019 $	2018 $
Change in profit/(loss)		
Increase in interest rate by 1%	677	263
Decrease in interest rate by 1%	(677)	(263)
Change in equity		
Increase in interest rate by 1%	677	263
Decrease in interest rate by 1%	(677)	(263)

Directors’ declaration

In accordance with a resolution of the directors of Dancoor Community Finances Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001* , including:

(i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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

Robert William Shanhun, Chair

Signed on the 16th of September 2019.

Independent audit report

Partners in success

Chartered Accountants

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

Independent auditor's report to the members of Dancoor Community Finances Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Dancoor Community Finances Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year ended; and
ii. complying with Australian Accounting Standards.

What we have audited

Dancoor Community Finances Limited's (the company) financial report comprises the:

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

Basis for opinion

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

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

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

Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 1 in the financial report, which indicates that the company incurred a net loss after tax of $35,349 during the year ended 30 June 2019, further reducing the company's net assets to $359,101. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other information
The company usually prepares an annual report that will include the financial statements, directors' report and declaration and our independence declaration and audit report (the financial report). The annual report may also include "other information" on the entity's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters. The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

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

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 16 September 2019

Joshua Griffin
Lead Auditor

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