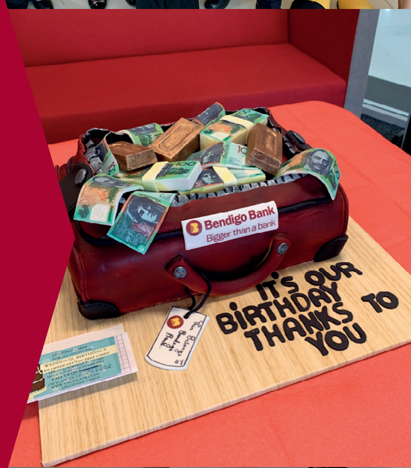
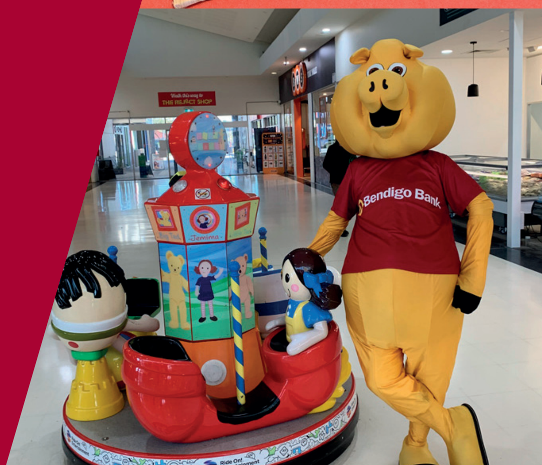
Annual Report 2019

Gosnells Financial Services Ltd





Canning Vale
Community Bank® Branch

ABN 11 095 764 533

Annual Report 2019

Gosnells Financial Services Limited

ABN 11 095 764 533

Canning Vale Community Bank Branch

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Chairman's report

Overview

This past year has been a very busy year for everyone connected with Gosnells Financial Services Limited and the Canning Vale Community Bank Branch. The staff and Directors have worked very hard to fulfil the promise that re-location has offered us.

Although we haven't been able to achieve a profit, yet, the branch is performing well, and the board has put in place actions that have brought about a reduction in our expenses.

We still need to relieve ourselves of the lease of the Gosnells premises, and we have an agent who is actively seeking new tenants. The problem is that there is a glut of leasable premises in the Gosnells area at present.

Human Resources

Because the Board is made up of volunteers who give up their time to serve on the board, we are subject to the pressures of everyday life, so we have had to say farewell to three of our Directors this year.

It has been sad for us remaining to have to say good-bye, but they have left us with a solid legacy.

So, it was farewell to John Hansen who along with his wife Penny moved to Cairns, Queensland to be near their grandchildren.

It was good-bye to Jon Paul Tyrer who's work looking after a busy community church has just continued to increase, and he is in constant demand for his community skills and pastoral care. We still hold our Board Meetings in his premises.

Then last but not least, we said good-bye to Andrew Njunguna whose business (Buffalo Film Studios) is growing and he has moved into new offices in Subiaco.

These three previous Directors have been a tremendous help and encouragement to me personally and have been a great influence on Gosnells Financial Services and they will be missed.

The good news is that this year we have welcomed two new Directors:

Pamela Govender and Terresa Lynes. We were also fortunate to welcome John Heath and Daniel Newman in the new Financial Year.

These directors are already contributing to the skill set of the board and we are excited about the future. You can read a little more about the Directors in the Directors' Report in this Annual Report.

Claire Hurst has come to the Board as Company Secretary and is also employed by the company in the role of administrator and community liaison officer. Claire has been doing this for over a year now and she has been doing a tremendous job. Administration is a time-consuming job and up till now Michelle and some of the staff were having to do this, but with Claire in that role it has released them to concentrate on the job of increasing the banking business, which is working very well.

Future Direction

We have just celebrated our first year at the new premises and it has been an exciting year. We are keeping up with the latest regulations that seem to be a constant nowadays and we are always ready to embrace new technologies as they are introduced. We have staff that are keen to see the bank prosper and grow and are willing to go the extra mile to see that it happens.

We have, through hard work by Claire produced several newsletters to keep you all informed of the latest developments with Gosnells Financial Services Ltd and we plan to continue with this in the future.

Community

We have continued to sponsor activities in the community of the City of Gosnells which is one of our real delights to do. We would love to be in a position to be able to do more but to do that we need to move the bank into a profit position. We do believe with your help and the wonderful staff we have that that is possible.

I would just like to answer a question I have been asked on several occasions, which is “How can we sponsor an activity when we are not making a profit”?

Gosnells Financial Services Limited is given some money by our partner Bendigo and Adelaide Bank Ltd called ‘the Marketing Development Fund’. This money is supplied by Bendigo for advertising, marketing and sponsorship. We use this money for those purposes, and it enables us to keep on sponsoring organisations in our community even when we are not making a profit.

It is one of the benefits of being a Community Bank

The other benefit of being in a Community Bank is that we get to meet some wonderful people. These are our customers and shareholders. You are the people who have made this bank possible and we, the Board and staff of Gosnells Financial Services Ltd and Canning Vale Community Bank Branch would like to say thank you all so much for believing in the Community Bank model and would ask you to please keep on promoting the bank.

Thank you all so much

Ray Norvill
Chairman

Manager’s report

The previous 2018/2019 Financial Year was very exciting yet challenging for us all. We relocated to our new Community Bank Branch in Canning Vale in July 2018 and recently celebrated our 1st year of trading in this new location.

The staff have been actively promoting the Canning Vale Community Bank Branch and speaking to potential customers wishing to find out more about our Bank. Like any business, we are having to look out for new opportunities to continue to grow in this new location.

The new branch is very customer friendly with an “open plan” layout which gives us a better connection with our customers making it easier to have relevant conversations in a friendlier environment. The staff are very happy with our new branch and feedback from customers has been positive.

During the year we had two staff resignations. Janelle Sigley and Angela Morgan, both who had been with the Community Bank for many years decided it was time for a change. Janelle relocated with her husband to Dongara and Angela having a “sea change” with something completely different to banking.

I would like to acknowledge the efforts of my staff throughout the year. They have given 100% to our Community Bank as has our Directors who volunteer so much of their time.

A big thank you to Rachael, Mat, Julia and our newest staff member Alex. They are all doing a marvelous job and are very passionate about their roles, the Branch, customers and shareholders.

Results for the Financial Year were encouraging, however below expected budget set. With a stretched target in place, (growth of $16 Million), we unfortunately were unable to achieve the result expected partially due to the resignation of our Business Development Manager.

Overall, we achieved 90.5% of budget.

Total	Budget	Actual	Budget %
Loans	43,266,622	29,755,242	68.8%
Deposits	58,224,534	59,203,257	101.7%
Total Footings	**101,451,157**	**88,958,499**	**87.7%**
Other Business	10,849,662	12,698,523	117%
All Business	**112,300,818**	**101,657,022**	**90.5%**

The Canning Vale Community Bank Branch overall total business portfolio is $101,657,022.

Our Branch has 5,216 customers holding 7,229 various products and services.

Our focus continues around growing our lending book, so staff continually hold discussions with customers regarding their financial position and if they are open to having a full financial review completed. Insurance is also another area of focus along with growing our customer base.

One way to continue to grow our business, is to reach out to our Shareholders and customers for help to bring in new business.

A simple introduction to a Community Group or an individual that you may have connections with.

Every new customer that does business with us, means that there is more money available to be paid in community contributions and dividends.

The Community Bank currently has a lot of involvement with Clubs, Schools and Not for Profit organizations via sponsorships and grants. Imagine if individuals within these Clubs, Schools and Not For Profit organisations also banked with us, opened up accounts, had a mortgage with us, insurances, credit cards etc. this would mean that our Community Bank Branch would have so much more extra funds to give back to those same organisations. It’s a WIN WIN situation.

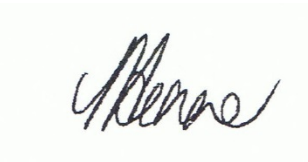
The fact that our business partner Bendigo Bank is Australia’s fifth largest retail bank and the Community Bank concept is unique, gives us a huge advantage compared to other majors in the market.

The difference with the Community Bank model is that every time people bank with their local branch, the bottom line increases and as such, community contributions and dividends increase as well.

Our staff and Directors have a very close working relationship with Bendigo Bank and a lot of support is available for us. The Bank is always looking at new Campaigns to assist the branch network in obtaining new business. Lending is a big focus and priority for the Bank to grow. This is where a majority of our income is made.

Finally, a big thank you to our Shareholders and customers. Without you we do not have a business. Thank you all for your support and we look forward to seeing you in the new Branch.

For those Shareholders that currently do not bank with us, I encourage you to drop into the Community Bank Branch located at Shop 2, The Vale Shopping Centre (opposite Woolworths), Canning Vale or give us a call on 9455 4650. I’m sure that you will love the layout. Sit down and have a chat with the staff or myself. This is your business and I would hate if you are missing out on something special



Michelle Lennox
Branch Manager

Bendigo and Adelaide Bank report

For the 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 offera full suite of banking and financial products and services. In many ways we’re also a leader indigital technology and meeting the needs of our growing online customer base, many of whom maynever 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

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

Your directors submit the financial statements of the company for the financial year ended 30 June 2019. The information on Directors who held office during or since the end of the financial year are:

Raymond Norvill	(Appointed 01/07/13)
Position	Chairman, Non-Executive Director
Occupation	Pastor
Background Information	Raymond is married with two daughters and seven grandchildren. He has lived in the Gosnells community for twelve years. He is a pastor of "The Village Christian Fellowship" Amaroo. Raymond is a former Chair of Gosnells YouthCARE district council. Raymond is the Chair of Choose Respect Inc., a not-for-profit company that helps people relate to one another with a language of mutual respect. He is also Chairman of the Kenwick School Council and a Board Member of the Southern Districts Support Association.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil

Jon-Paul Tyrer	(Appointed 12/10/15 – Resigned 27/05/2019)
Position	Non-Executive Director
Occupation	Pastor
Background Information	Jon-Paul is married with three children and has lived in the Gosnells community for nine years. He is currently one of the pastors of Real Life Church in Gosnells and is the Managing Director of Aspire Safety Management. He has served for 10 years in the British Army and is qualified as a refrigeration engineer and WHS consultant. Jon-Paul is very community orientated and has been involved in local sporting and children's organisations since moving to Australia 12 years ago.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil

Andrew Njunguna	(Appointed 12/10/2016 – Resigned 27/05/2019)
Position	Non-Executive Director
Occupation	Video production
Background Information	A City of Gosnells resident, Andrew brings his telecommunications, Information Technology and his media expertise to the Gosnells Financial Services board. He aims to equip the board in growing the Gosnells Community Bank profitability with a strategic focus on marketing. A father of two, Andrew is passionate about the growth and the well begin of this rich and diverse community, he views the Community Bank as a strategic vehicle that plays a vital role within the communities in Gosnells..
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil

Iggy Moro (Appointed 25/02/15)

Position Non-Executive Director

Occupation Accountant

Background Information

Iggy is a Fellow of Chartered Accountants Australia and New Zealand (CAANZ), a Chartered Tax Advisor of the Tax Institute of Australia, a CA SMSF Specialist and a Director with Walker Wayland WA. Walker Wayland WA is full-service accounting firm specialising in business growth, profit improvement and maximising overall business performance.

Iggy has been in public practice since 1992 and advises clients in tax, business advisory and SMSF. He assists clients achieve their business, financial and personal goals from start-ups, SMEs and multi-national businesses from a wide range of industries. Iggy is a member (and former Chair) of the Walker Wayland Australasia Superannuation Group and current committee member for CAANZ on the National Superannuation Advisory Committee and the WA Public Practice Advisory Committee.

Iggy holds a Bachelor of Business Degree from Edith Cowan University and a Diploma of Financial Planning through CAANZ and Kaplan.

Over the years, Iggy has also been a Focus Session Facilitator and Exam Marker for the CAANZ CA Program as well as workshop facilitator for Tax at UWA Business School. He has also volunteered time and resources for various committees and not-for-profits including former Treasurer and Committee Member of Mazenod Old Boys Association, former Treasurer and Chair of St Jude's Catholic Primary School and a committee member of the Finance Committee for Catholic Education WA

Directorship Held in Other Entities Nil

Interest in Shares and Options Nil

John Hansen (Appointed 27/07/15 – Resigned 28/11/2018)

Position Non-Executive Director

Occupation Retired

Background Information

John Hansen is married with two children and seven grandchildren and has lived in Gosnells for five years. All of his working life he has been involved with the Building Industry. He achieved Diplomas of Building and Teaching and has been a Registered Builder for over 40 years. Work experience has been with Local, State and Federal Governments and private enterprise. John also lectured for 23 years in both full time and part time capacities at 3 TAFE Colleges.

Before retiring John held the position of Manager Property & Assets with Amaroo Care Services for 15 years, this is a not for profit charity

	in Gosnells. He also filled the role of Operations Manager on a part time basis. With Ellel Ministries in Gosnells, he has undertaken several overseas mission trips constructing various projects for orphans and villages effected by natural disasters. .
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil
Kate Leonie Vivian	(Appointed 30/10/2017)
Position	Non Executive Director
Occupation	Police Officer
Background Information	HR Planning, Equity and Policy, Masters of Arts (Public Sector Leadership), Diploma of Major Crash Investigations and is a graduate of the Australian Institute of Company Director’s Course. A member of the Marketing and Business Development Sub Committee, HR Subcommittee and the Sponsorship Subcommittee
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil
James Robert Moran	Non Executive Director (Resigned 31/07/2018)
Occupation	Consultant
Background Information	James Moran is a member of CPA Australia and the Australian Institute of Company Directors. He is also a Fellow of the Institute of Corporate Governance. James has spent 30 years in the resources sector both throughout Australia and internationally. His roles have covered a broad spectrum of financial and commercial positions in the mining industry, from CFO/Company secretary of ASX listed companies to mine site commercial manager positions.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil
Pamela Govender	(Appointed 26/02/2019)
Position	Non Executive Director
Occupation	Senior Educator
Background Information	CEO/Founder of a Not for Profit - Restore a Smile Foundation. CEO/Founder of a Social Enterprise - Hope Hygiene. Senior Educator at AFL Sports Ready & Education. Bachelors of Vocational Education & Training. Masters of Business Administration - Current. Diploma in IT, Leadership & Management, Business, Training, Certificate of Recognition - Australia Day..
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil

Terresa Anne Lynes	(Appointed 26/02/2019)
Position	Non Executive Director
Occupation	Business Partner Team Renov8
Background Information	Business Owner/Partner Team Renov8 (Renovations business), Deputy Mayor - City of Gosnells, Vice President - Australian Local Government Women's Association WA Branch, Thornlie Senior High School Board Member (Chairperson), Rivers Regional Councillor, Municipal Waste Advisory Council, Diploma of Local Government. Audit Committee member - City of Gosnells
Directorship Held in Other Entities	Nil
Interest in Shares and Options	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.

Key Management Personal

Michelle Lennox

Occupation	Bank Manager
Background Information	Branch Manager of Gosnells Community Bank since July 2004. Michelle holds a very unique and privileged position of also having been a Director of Gosnells Financial Services Ltd from 2006 to 2014. Michelle also holds a certificate 111 in Financial Services and has completed many courses throughout her Banking career. Born and bred in the small country town of Northampton WA, where she lived for 17 years with her parents, Michelle is very familiar with Community involvement and the importance of supporting the people within that Community. From the age of 16, Michelle has been employed in various areas and departments within the banking industry. To Michelle banking is just one part of her role and the most exciting part is her involvement within the Community in which she lives and works. To see Community groups prosper from our sponsorships and assistance is the best possible reward she feels she could ever ask for..
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil

Company Secretary	The company secretary is Claire Hurst who was appointed to the position of secretary on 23 July 2018.
Background Information	Claire is the Local Connection Coordinator with Bendigo Bank, Company Secretary and Community Liaison Administrator with Gosnells Financial Services LTD. Claire had 10 years' experience with Bendigo Bank including Community Bank roles and Bendigo Bank roles including a 6 month secondment with Community Sector Banking. Her expertise are in administration, recruitment and marketing.
Directorship Held in Other Entities	Nil
Interest in Shares and Options	Nil

Corporate Governance

The Directors have a strong commitment to good corporate governance. Their guiding principle in meeting this responsibility is to act honestly, conscientiously and fairly in accordance with the law in the interest of investors and other stakeholders.

Audit and Governance

Gosnells Financial Services Limited has established an Audit and Governance Committee. The members of the committee are:

Raymond Norvill
Ignazio Rocco Moro
Claire Hurst (Company Secretary, Non-Director)

The primary function of the committee is to assist the Board in fulfilling its oversight responsibilities by reviewing:

- The financial information of the Company;
- The systems of internal control (governance) which management and the Board have established;
- The overall audit process of the Company;
- Regulatory obligations of the Company and compliance with these requirements;
- The systems of risk management which management and the Board have established.

In addition to the above, the Company has also implemented other corporate governance practices which include Director approval of operating budgets and monitoring of progress against these budgets, Ongoing Director training and monthly Director meetings to discuss performance and strategic plans.

Principal Activities

The principal activities of the company during the course of the financial year were in facilitating Community Bank services under management rights to operate a franchised branch and a customer service centre 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 $
(115,386)	(137,571)

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

On 13 July 2018 the Gosnells branch closed and operations began in the Canning Vale branch on 16 July 2018.

In the opinion of the directors there were no other 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 except as disclosed in notes 21 and 23 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

Board Meetings Attended	Eligible	Attended
Raymond Norvill	11	9
Jon-Paul Tyrer *(Resigned 27/05/2019)*	10	6
Andrew Njunguna (Resigned 27/05/2019)	10	5
Ignazio Moro	11	10
John Hansen *(Resigned 28/11/2018)*	4	2
Kate Vivian	11	8
James Moran *(Resigned 31/05/2018)*	1	1
Pamela Govender *(Appointed 26/02/2019)*	4	4
Terresa Anne Lynes *(Appointed 26/02/2019)*	4	3

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, in accordance with the advice received from the audit and governance committee 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 audit and governance committee 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 18.

Signed in accordance with a resolution of the board of directors at Gosnells, Western Australia on 23 September 2019.

Raymond Norvill
Chairman
Signed on the 23rd September 2019

Directors' declaration

In accordance with a resolution of the directors of Gosnells Financial Services Limited, we state that:

In the opinion of the directors:

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

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

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

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

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

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

Raymond Norvill
Chairman
Signed 23rd September 2019

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 Gosnells Financial Services Limited

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

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 23 September 2019

Joshua Griffin
Lead Auditor

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 Gosnells Financial Services Limited

Report on the audit of the financial report

Our opinion
In our opinion, the accompanying financial report of Gosnells Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

What we have audited
Gosnells Financial Services Limited's (the company) financial report comprises the:

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

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

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

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

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

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: 23 September 2019

Joshua Griffin
Lead Auditor

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue from ordinary activities	4	733,914	784,532
Employee benefits expense		(452,075)	(573,708)
Charitable donations, sponsorship, advertising and promotion		(43,584)	(35,006)
Occupancy and associated costs		(191,759)	(181,262)
Systems costs		(32,931)	(27,834)
Depreciation and amortisation expense	5	(24,339)	(22,306)
Finance costs	5	(23)	(33)
General administration expenses		(151,249)	(134,842)
Loss before income tax credit		**(162,046)**	**(190,459)**
Income tax credit	6	46,660	52,888
Loss after income tax credit		**(115,386)**	**(137,571)**
Total comprehensive income for the year attributable to the ordinary shareholders of the company		**(115,386)**	**(137,571)**
Earnings per share		¢	¢
Basic earnings per share	24	(19.48)	(23.23)

Balance Sheet

As at 30 June 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	7	342,813	529,138
Trade and other receivables	8	60,692	68,948
Financial assets	12	138,960	130,080
Total current assets		**542,465**	**728,166**
Non-current assets			
Property, plant and equipment	9	16,623	20,414
Intangible assets	10	28,445	41,481
Deferred tax asset	11	143,576	96,916
Total non-current assets		**188,644**	**158,811**
Total assets		**731,109**	**886,977**
LIABILITIES			
Current liabilities			
Trade and other payables	13	42,802	52,186
Provisions	14	61,569	72,396
Total current liabilities		**104,371**	**124,582**
Non-current liabilities			
Trade and other payables	13	13,017	27,218
Provisions	14	3,811	9,881
Total non-Current liabilities		**16,828**	**37,099**
Total liabilities		**121,199**	**161,681**
Net assets		**609,910**	**725,296**
EQUITY			
Issued capital	15	588,440	588,400
Retained earnings	16	21,510	136,896

Total equity	**609,910**	**725,296**

Statement of Changes in Equity

For the year ended 30 June 2019

	Issued capital $	Retained Earnings $	Total equity $
Balance at 1 July 2017	588,400	274,467	862,867
Total comprehensive income for the year	-	(137,571)	(137,571)
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	**588,400**	**136,896**	**725,296**
Balance at 1 July 2018	588,400	136,896	725,296
Total comprehensive income for the year	-	(115,386)	(115,386)
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	**588,400**	**21,510**	**609,910**

Statement of Cash Flows

For the year ended 30 June 2019

	Notes	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		788,740	851,029
Payments to suppliers and employees		(965,057)	(1,028,205)
Interest received		10,526	10,118
Interest paid		(23)	(33)
Net cash used in operating activities	**17**	**(165,814)**	**(167,091)**
Cash flows from investing activities			
Payments for property, plant and equipment		(7,512)	(4,282)
Payments for intangible assets		(12,909)	(10,758)
Proceeds from investments or financial assets		-	8,280
Net cash used in investing activities		**(20,421)**	**(6,760)**
Cash flows from financing activities			
Dividends paid		(90)	(80)
Net cash used in financing activities		**(90)**	**(80)**
Net decrease in cash held		**(186,325)**	**(173,931)**
Cash and cash equivalents at the beginning of the financial year		529,138	703,069
Cash and cash equivalents at the end of the financial year	**7(a)**	**342,813**	**529,138**

Notes to the financial statements

For the 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 which estimates 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.

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 j).

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 branches. 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 $826,803.

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 Gosnells, Western Australia and a customer service centre at Canning Vale, 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.

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:

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

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

b) Revenue

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

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

Revenue calculation

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

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

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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

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

Commission

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

Fee income

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

Discretionary financial contributions

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

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and donations. It is for the board to decide how to use the MDF. The payments from Bendigo and Adelaide Bank Limited are discretionary and Bendigo and Adelaide Bank Limited may change the amount or stop making them at any time.

Ability to change financial return

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

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

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 day's notice before it changes the products and services on which margin, commission or fee income is paid, the method of calculation of margin and the amount of margin, commission or fee income.

Monitoring and changing financial return

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

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

c) Income tax

Current tax

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

Deferred tax

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

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

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

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

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

leasehold improvements	5 – 15	years
plant and equipment	2.5 – 40	years
furniture and fittings	4 – 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 day's.

j) Financial instruments

Recognition and initial measurement

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

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

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

Classification and subsequent measurement

(i) Financial liabilities

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

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

(ii) Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or

- fair value through profit and loss (FVTPL).

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

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

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

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

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

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

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

Derecognition

(i) Derecognition of financial liabilities

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

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

(ii) Derecognition of financial assets

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

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

Impairment

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

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

Loss allowance is not recognised for:

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

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

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

This approach is applicable to:

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

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

Recognition of expected credit losses in financial statements

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

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

k) 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.

l) 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.

m) 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.

n) 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.

o) Goods and Services Tax

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

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

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

Note 2 Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

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

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

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

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

Expected credit loss assessment for other customers

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

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

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

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

Note 3 Critical accounting estimates and judgements

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

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

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

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

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.

Fair value measurement

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

Note 4 Revenue from ordinary activities	**2019**	**2018**
	$	**$**
Operating activities		
- gross margin	555,021	608,254
- services commissions	59,653	51,217
- fee income	67,619	80,768
- market development fund	25,833	25,833
Total revenue from operating activities	708,126	766,072
Non-operating activities		
- interest received	8,508	13,060
- dividends received	8,400	8,280
- increase/(decrease) in net market value of financial assets (FVTPL)	8,880	(2,880)
Total revenue from non-operating activities	25,788	18,460
Total revenues from ordinary activities	733,914	784,532

Note 5 Expenses

Depreciation of non-current assets		
- plant and equipment	523	341
- furniture and fittings	180	-
- leasehold improvements	10,600	12,152
Amortisation of non-current assets		
- franchise agreement	13,036	9,813
	24,339	22,306
Finance costs		
- interest paid	23	33
Bad debts	992	326

Note 6 Income tax credit

	2019 $	2018 $
The components of tax credit comprise		
- Future income tax benefit attributable to losses	(52,943)	(52,461)
- Movement in deferred tax	6,534	(1,970)
- Adjustment to deferred tax to reflect change to tax rate	-	1,543
- Under/(Over) provision of tax in the prior period	(251)	-
	(46,660)	(52,888)
The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax credit as follows		
Operating loss	(162,046)	(190,459)
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	(44,563)	(52,376)
Add tax effect of		
- non-deductible expenses	1,754	1,086
- timing difference expenses	(6,534)	1,970
- other deductible expenses	(3,600)	(3,141)
	(52,943)	(52,461)
Movement in deferred tax	6,534	(1,970)
Adjustment to deferred tax to reflect change of tax rate in future periods		1,543
Under/(Over) provision of income tax in the prior year	(251)	-
	(46,660)	(52,888)

Note 7 Cash and cash equivalents

Cash at bank and on hand	56,368	28,027
Term deposits	286,445	501,111
	342,813	529,138

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	56,368	28,027
Term deposits	286,445	501,111
	342,813	529,138

Note 8 Trade and other receivables

Trade receivables	52,263	52,531
Prepayments	5,535	11,506
Other receivables and accruals	2,894	4,911
	60,692	68,948

Note 9 Property, plant and equipment	2019 $	2018 $
Leasehold improvements		
At cost	31,740	28,319
Less accumulated depreciation	(28,499)	(28,319)
	3,241	-
Plant and equipment		
At cost	11,490	11,490
Less accumulated depreciation	(9,741)	(9,218)
	1,749	2,272
Furniture and fittings		
At cost	254,906	250,815
Less accumulated depreciation	(243,273)	(232,673)
	11,633	18,142
Total written down amount	16,623	20,414

On 13 July 2018 the Gosnells branch closed and operations began in the Canning Vale branch on 16 July 2018. Assets related to the Gosnells branch have had depreciation accelerated.

Additional depreciation expense recognised in the current period as a result of the abovementioned circumstances is as follows:

- Furniture and fittings	6,201

The Canning Vale branch fitout was funded by the Landlord of the premises. As such no new assets or depreciation has been recognised in property, plant and equipment in relation to the Canning Vale branch.

Movements in carrying amounts

	2019	2018
Leasehold improvements		
Carrying amount at beginning	-	-
Additions	3,421	-
Disposals	-	-
Less: depreciation expense	(180)	-
Carrying amount at end	3,241	-
		-
Plant and equipment		
Carrying amount at beginning	2,272	-
Additions	-	2,613
Disposals	-	-
Less: depreciation expense	(523)	(341)
Carrying amount at end	1,749	2,272
Furniture and fittings		
Carrying amount at beginning	18,142	28,624
Additions	4,091	1,670
Disposals	-	-
Less: depreciation expense	(10,600)	(12,152)
Carrying amount at end	11,633	18,142
Total written down amount	16,623	20,414

Note 10 Intangible assets

	2019 $	2018 $
Franchise fee		
At cost	61,519	55,960
Less: accumulated amortisation	(33,074)	(14,479)
	28,445	41,481
Total written down amount	28,445	41,481

Note 11 Tax

Deferred tax assets		
- accruals	37	37
- employee provisions	17,980	22,626
- tax losses carried forward	138,433	85,239
	156,450	107,902
Deferred tax liability		
- accruals	797	1,351
- unrealised gain on shares	12,077	9,635
	12,874	10,986
Net deferred tax asset	143,576	96,916
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(6,534)	(427)

Note 12 Financial assets

FVTPL financial assets			
Listed investments			
- shares in listed corporations	**Note 18**	138,960	130,080

Note 13 Trade and other payables

Current:		
Trade creditors	2,804	6,167
Other creditors and accruals	39,998	46,019
	42,802	52,186
Non-Current:		
Other creditors and accruals	13,017	27,218

Note 14 Provisions

Current:		
Provision for annual leave	34,805	37,764
Provision for long service leave	26,764	34,632
	61,569	72,396
Non-Current:		
Provision for long service leave	3,811	9,881

Note 15 Issued capital	2019	2018
	$	$
592,180 ordinary shares fully paid (2018: 592,180)	592,180	592,180
Less: equity raising expenses	(3,780)	(3,780)
	588,400	588,400

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").

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 Retained earnings	**2019 $**	**2018 $**
Balance at the beginning of the financial year	136,896	274,467
Net loss from ordinary activities after income tax	(115,386)	(137,571)
Balance at the end of the financial year	21,510	136,896

Note 17 Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities		
Loss from ordinary activities after income tax	(115,386)	(137,571)
Non cash items		
- depreciation	11,303	12,493
- amortisation	13,036	9,813
- movement in market value of FVTPL financial assets	(8,880)	-
Changes in assets and liabilities		
- (increase)/decrease in receivables	8,256	4,170
- (increase)/decrease in other assets	(46,660)	(60,786)
- increase/(decrease) in payables	(10,586)	(2,052)
- increase/(decrease) in provisions	(16,897)	7,225
- increase/(decrease) in current tax liabilities	-	(383)
Net cash flows used in operating activities	(165,814)	(167,091)

Note 18 Fair value measurement

This section explains the judgements and estimates made in determining the fair values of the company's assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the applicable assets have been classified into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

At 30 June 2019	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements				
FVTPL financial assets				
Listed investments				
- shares in listed corporations	138,960	-	-	138,960

At 30 June 2018	**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements				
FVTPL financial assets				
Listed investments				
- shares in listed corporations	130,080	-	-	130,080

There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

- Level 1: The fair value of FVTPL financial assets traded in active markets is based on the quoted market price at the close of business at the end of the reporting period.
- Level 2: The fair value of property, plant and equipment is based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market.
- Level 3: There were no fair value measurements by the Level 3 fair value hierarchy.

Note 19 Leases	**2019**	**2018**
	$	**$**
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- not later than 12 months	144,080	142,475
- between 12 months and 5 years	300,424	427,604
	444,504	570,079

The leases consist of two rental properties:

a) 2227 Albany Highway, Gosnells WA 6110.

The lease for this property commenced on the 15 October 2016 for a 5 year term expiring on the 14 October 2021.

b) 271 Amherst Road, Canning Vale WA 6155

The lease for this property commenced on the 1 March 2018 for a 5 year term expiring on the 28 February 2023.

Note 20 Auditor's remunerations	**2019**	**2018**
	$	**$**
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services - AFS & Associates	4,600	1,800
- other non audit services - AFS & Associates	3,120	812
- audit and review services - Macri Partners	-	7,500
	7,720	10,115

Note 21 Director and related party disclosures

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

Raymond Norvill
Ignazio Moro
Kate Vivian
Pamela Govender *(Appointed 26 February 2019)*
Terresa Anne Lynes *(Appointed 26 February 2019)*
Jon-Paul Tyrer *(Resigned 27 May 2019)*
Andrew Njunguna *(Resigned 27 May 2019)*
John Hansen *(Resigned 28 November 2018)*
James Moran *(Resigned 31 July 2018)*

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

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2019
Transactions with related parties:	$
Iggy Moro's business, Walker Wayland (WA) Pty Ltd, of which Iggy is a 1/3 owner, was engaged to provide bookkeeping and consulting services, to the value of:	12,833
Kate Vivian was reimbursed for miscellaneous goods to value of:	180
Terresa Lynes' business, Team Renov8, was engaged to de-fit the branch premises at Gosnells prior to her appointment as a director, to the value of:	12,060

Directors Shareholdings	**2019**	**2018**
Raymond Norvill	-	-
Ignazio Moro	-	-
Kate Vivian	-	-
Pamela Govender *(Appointed 26 February 2019)*	-	-
Terresa Anne Lynes *(Appointed 26 February 2019)*	-	-
Jon-Paul Tyrer *(Resigned 27 May 2019)*	-	-
Andrew Njunguna *(Resigned 27 May 2019)*	-	-
John Hansen *(Resigned 28 November 2018)*	-	-
James Moran *(Resigned 31 July 2018)*	-	-

There was no movement in directors shareholdings during the year.

Note 22 Dividends provided for or paid	**2019**	**2018**
	$	**$**
(a) Franking account balance		
Franking credits available for subsequent reporting periods are		
- franking account balance as at the end of the financial year	250,384	239,738
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods	250,384	239,738
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	250,384	239,738

Note 23 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 24 Earnings per share	**2019**	**2018**
	$	**$**
(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(115,386)	(137,571)
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	592,180	592,180

Note 25 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 26 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 27 Segment reporting

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

Note 28 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
Shop 2, The Vale Shopping Centre
271 Amherst Road
Canning Vale, 6155, WA

Principal Place of Business
Shop 2, The Vale Shopping Centre
271 Amherst Road
Canning Vale, 6155, WA

Note 28 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	56,368	28,027	286,445	501,111	-	-	-	-	-	-	1.88	2.27
Receivables	-	-	-	-	-	-	-	-	52,263	52,531	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	2,804	6,167	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%	3,428	5,291
Decrease in interest rate by 1%	(3,428)	(5,291)
Change in equity		
Increase in interest rate by 1%	3,428	5,291
Decrease in interest rate by 1%	(3,428)	(5,291)

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