

Annual Report 2019

Grampians Regional Community Enterprises Limited

Dunkeld & District
Community Bank® Branch

ABN 29 139 414 234



Annual Reports

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Chairman's Report

For year ending 30 June 2019

Customers and Shareholders

Firstly, I open this report by acknowledging our loyal customers and shareholders. It is heartening to see the growth of our business based on the solid values of quality customer service and loyalty to Dunkeld & District **Community Bank**[®] Branch. Sponsorships and donations provide the “seed capital” to drive community vibrancy and opportunity. In simple terms, the more people who bank with us, the more we can invest in the Dunkeld, Peshurst and Cavendish Communities.

Shareholder Dividend

The Board of Grampians Regional Community Enterprises Limited (GRCE Ltd) is proud to announce our second shareholder dividend of 4c per share. It is very pleasing to be able to deliver on the dual aims of our initial Prospectus to provide **“significant social and economic benefit to our region, as well as the prospect of positive returns for shareholders”**.

Please note that with this years' dividend there is an option to donate to the Community Sponsorship fund. There is no compulsion to do this however it is an option if shareholders wish to. If individual shareholders would like to discuss this, please contact the branch or one of our Directors for further information.

Community Funding

As this Annual Report goes to print, GRCE Ltd has provided a total in excess of **\$220,000** to community projects in the region, including **\$36,545** in the last financial year. Funding has been provided to a wide variety of clubs, activities and projects throughout the greater Dunkeld, Peshurst and Cavendish regions.

As a Board, our role is to encourage and facilitate business growth so we can increase the funds available for sponsorships and community development. As shareholders, we ask you to look at your banking and insurance requirements, visit or phone the branch and be part of developing our region.

In the Branch

Another very successful year for Dunkeld & District **Community Bank**[®] Branch, with all staff improving skills and training to provide higher levels of customer service. Congratulations to Carly and Jack on the birth of Maggie, and with Carly on maternity leave we welcome Ange Linke to the team to resume her banking career.

Susan has increased her responsibilities in the branch to support Anna and Louise is the “tech guru” looking after our Facebook communication's, photos' and newsletters.

Anna has had a busy year, gaining further Rural Bank accreditation and Managing the Branch at the highest level of integrity and performance.

Rural Bank

The integration of Rural Bank and Bendigo Bank provides a great opportunity for farming customers to have a local banking point of contact. The trend for reduction in face to face banking service in favour of call centre's by other major Banks' continues. If you would like to see a person, rather than ring a call centre, make an appointment to see Anna Watson or Fiona Whale about your Farm Banking requirements.

Chairman's Report (continued)

Bendigo Bank Ltd. Partnership

Thank you from the Board for the support we have had from Leanne Martin and Mark O'Dowd and we wish them well in their new roles. We look forward to continuing the positive relationship with our new Regional Manager Jason Chuck, whom we welcome to the position.

GRCE Ltd. Board

In May this year we welcomed Sherryn Jennings to the Board. Sherryn brings significant finance and accounting skills to the Board and as of July 1 she has taken on the treasurer's role.

Thanks to all Directors who have volunteered their time and energy, contributing to the success of the last 12 months, and we look forward to a greater 2019/2020 result.

Finally, I would like to thank and recognise Gary Simpson for all his energy and efforts over the last 12 years. As founding Chairman of the Steering Committee and of the GRCE Board, his vision and enthusiasm to develop a **Community Bank**[®] for the region has provided both the banking services and the financial results we have today.

"Simo" did most of the heavy lifting to get the banking franchise off the ground; in short, without his efforts we would not have a **Community Bank**[®].

Well done Simo and best wishes to you and Ali for the next phase of your life!



Craig Oliver
Chairman

Manager's Report

For year ending 30 June 2019

It is with real pleasure that I submit my annual report to the Board and shareholders for the 2018/19 financial year.

I would like to thank my staff, their commitment and passion to our branch, the Bank and our community is remarkable. We welcomed Ange Linke to our team this year, she joined Susan Tully and Louise Field. Carly Behncke is currently on maternity leave.

Thanks to our customers, our Board of Directors, and our shareholders for their ongoing support. I would also like to thank our Bendigo and Adelaide Bank representatives, especially our Regional Manager Leanne Martin for her support this year. We truly have a close working relationship with the Bendigo Bank head office, state office and regional support staff.

We had an amazing result this year with our business "footings" (loans and deposits) increasing by \$13 million to \$83.1 million, as at 30 June 2019.

At 30 June 2019 we had 1,231 customers, with 2,075 accounts, an increase of 2.8 percent and 6.1 per cent respectively from the previous year.

Dunkeld & District **Community Bank**[®] Branch has contributed \$221,544 to the local community as at 30 June 2019. To date, **more than \$205 million** in profits from **Community Bank**[®] partnerships have been reinvested in Australian communities since 1998 via Bendigo Bank's **Community Bank**[®] network.

We are proud to be a partner in Australia's fifth largest full service retail bank with access to more than 540 branches, including 324 locally owned **Community Bank**[®] branches. We are a real alternative to the major banks. The move to digital banking is exciting and Bendigo and Adelaide Bank has committed to making this a priority. We're already ahead when it comes to our online offerings. For those customers who don't want to step into a traditional bank, that's great news and we're looking forward to advances in this area by Bendigo and Adelaide Bank.


For those people who want to continue the tradition of coming into the branch – we're not going anywhere. We're still here and we're committed to helping you over the counter with all of your banking needs.

I ask for our shareholders help in bringing new business to the branch, either your own, your acquaintances or with an introduction to community groups you are involved in. Your help is invaluable to growing our business and with every new customer and account opening, that's more funds that are available to be paid in community contributions and in dividends.

Banking is an everyday function for every single person in the community.

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

So spread the **Community Bank**[®] message and help us write some new business.



Anna Watson
Branch Manager
Dunkeld & District Community Bank[®] Branch

Bendigo and Adelaide Bank Report

For year ending 30 June 2019

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

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

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

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

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

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

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

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

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



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Dividend payment history

Dividend to shareholders			
Financial Year	Amount Per Share	Franking Level	Date Paid
2017 / 2018	\$0.03	Unfranked	1 December 2018
2018 / 2019	\$0.04	Unfranked	1 December 2019

Community Investment Report

For year ending 30 June 2019

Community Investment Program

Grampians Regional Community Enterprise Pty Limited (GRCEL) operates **Dunkeld & District Community Bank®** Branch and is proud to invest in our communities through the Community Investment Program. Our main aim of our Community Investment Program is to influence positive change in the community.

Since opening the **Dunkeld & District Community Bank®** in 2011, we've invested \$221,544 directly into the Dunkeld, Penshurst, Cavendish and surrounding communities. This is only possible thanks to the customers of **Dunkeld & District Community Bank®** Branch. Growing our customer base allows this unique banking model to thrive and prosper thereby allowing us to continue to invest in the community.

Dunkeld & District Community Bank® Branch has once again provided strong support to our district towns, clubs and organisations. Special highlights for the year for our Board was to support the procurement of a bus for the Birches Western District Health Service, contribute to the purchase of a lawn mower for the Dunkeld Arboretum and assist the Dunkeld Museum's acquisition of a laptop and to complete a new booklet.

We are proud to have supported the following:

Community Group	\$	Purpose
Sam Mooney	\$20.00	First place Easter colouring comp
Bonnie Jackson	\$20.00	First place Easter colouring comp
Penshurst Mens Shed	\$499.00	New laptop
Lions International V2 District	\$2,500.00	Victorian Convention - Hall Hire
Peaks & Trails	\$875.00	Event radio advertising
Three Peaks Festival	\$875.00	Event radio advertising
Glenthompson Community Association	\$500.00	Mowerathon
Cavendish Primary School	\$600.00	iPads for students
Dunkeld Museum Inc	\$2,000.00	Booklet & Laptop
Dunkeld Consolidated Primary School	\$60.00	Community Newsletter
Branxholme Wallacedale School	\$60.00	Community Newsletter
Glenthompson Newsletter	\$60.00	Community Newsletter

Community Investment Report (continued)

Community Group	\$	Purpose
Birches WDHS	\$5,000.00	Bus contribution Year 1 of 3-year Investment
Off the Rails	\$500.00	Theatre and Musical event
Dunkeld Arboretum	\$3,745.00	Assist with new Lawn Mower purchase
Dunkeld Racing Club	\$1,100.00	Dunkeld Races
Advance Penshurst	\$570.00	Xmas Market + Event radio advertising
Cavendish Townscape Association Inc	\$300.00	Fleece & Flower Show radio advertising
Grampians Cricket Club	\$1,000.00	Annual Sponsorship
Penshurst Bowls Club	\$150.00	Sign and annual sponsorship
Penshurst Mens Shed	\$180.00	Community Newsletter
Penshurst and District Racing Club	\$825.00	Penshurst Races
Cavendish & District Tennis Association	\$500.00	Tennis Trophies
Penshurst Creative Arts	\$500.00	Annual Art Show
Dunkeld Consolidated Primary School	\$120.00	Community Newsletter
Branxholme Wallacedale School	\$120.00	Community Newsletter
Glenthompson Newsletter	\$120.00	Community Newsletter
Glenthompson Community Association	\$700.00	Radio advertising Pool party
Mt Rouse Fire Brigade	\$1,000.00	Year 3 of 5-year sponsorship
V Huf	\$270.00	Vic Cricket state team - Glasses
Dunkeld Rodeo - Sturgeon Stampede	\$550.00	Annual Rodeo
Penshurst Football - Netball Club Inc	\$1,000.00	Annual sponsorship
Penshurst Football - Netball Club Inc	\$88.00	Annual Calendar
St Patrick's Church	\$3,000.00	Rainwater tank & pump
Mooralla Golf Club	\$620.00	New flags for course
Tee up for kids	\$300.00	Tee Up For Kids Foundation
Glenthompson Dunkeld Football - Netball Club (Rams)	\$1,000.00	Annual Club sponsorship
Friends RSL	\$950.00	Remembrance Day Reunion
Penshurst Pony Club	\$800.00	Rouse Roundup Challenge
Dunkeld & District Lions Club	\$700.00	BBQ trailer canopy
Dunkeld Consolidated Primary School	\$60.00	Community Newsletter
Branxholme Wallacedale School	\$60.00	Community Newsletter
Glenthompson Newsletter	\$60.00	Community Newsletter
Penshurst Mens Shed	\$60.00	Community Newsletter

Note 1: Community Investment figures include funds allocated and the value of radio advertising provided.



Sue Morse
Community Investment Co-ordinator

Directors' Report

For year ending 30 June 2019

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

Directors

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

Craig Gordon Oliver

Chairman (1 January 2019 to 30 June 2019)

Occupation: Farmer

Qualifications, experience and expertise: Craig has an Associate Diploma of Farm Management and a Graduate Diploma of Business Studies (Finance and Management). Living at Dunkeld since 1991 with his wife and children, he worked for several national and multi national agribusiness companies before pursuing a full time farming career. Craig has served on various industry and community committees, and is currently a member of the Pannyabyr Landcare Group, Chairman of the Glenelg Hopkins CMA advisory group and a member of the Dunkeld CFA.

Interest in shares: 3,400

Gary John Simpson

Chairman (1 July 2018 to 31 December 2018) (Resigned 31 December 2018)

Occupation: Wool Broker

Qualifications, experience and expertise: Gary lives in Dunkeld with his wife and has three adult children. He was born in Bacchus Marsh and spent his childhood on the family sheep farm. He has spent his working life in the wool industry and is currently employed as a wool broker. Since moving to Dunkeld in 2003 he has been a committeeman, Vice Captain and is Vice President at the Grampians Golf Club, founding chairman of Hockey Monivae, Secretary of the Grampians Cricket Club and is a member of the Dunkeld Community Centre committee.

Interest in shares: 2,000

David Andrew McLeod

Vice Chairman (1 January 2019 to 30 June 2019)

Occupation: Structural Engineer

Qualifications, experience and expertise: Past Treasurer Woodhouse CFA, Director of Holmes McLeod Consulting Engineers Pty Ltd, Past Chair Monivae College Parents and Friends and 30 years of farming experience.

Interest in shares: 15,000

Brendan John Kelly

Vice Chairman (1 July 2018 to 31 December 2018)

Occupation: Small business director

Qualifications, experience and expertise: Brendan is the managing director of Kelly's which is a rural merchandise, fertiliser and hardware business located in both Penhurst & Dunkeld. Brendan established Kelly's in Penshurst in 1988, then in Dunkeld in 2005. In recent years Brendan has commenced selling real estate working with Charles Stewart & Co, this is somewhat a family tradition with previously generation being involved in real estate valuations and sales. Brendan is the fourth generation of the Kelly family to live and work in Penshurst and district. Brendan and his wife Liz have three children Brooke, Shannon and Laine. They are active in the local community being involved in the football netball club, race club and Monivae college.

Interest in shares: 10,000

Director's Report (continued)

Helen Nielsen

Company Secretary

Occupation: Agriculture, Manager

Qualifications, experience and expertise: Helen has had a life passion for agriculture and the environment and her career and interests have followed that path. For the past 30 years she has worked with Department of Jobs, Precincts, and Regions in a range of roles delivering agriculture services to Victorian farmers. Her current role is Investment and Planning Manager. She holds a Bachelor of Applied Science (Agriculture), Diploma of Business and Diploma of Project Management. Helen enjoys working with youth and spent 12 years as a Guide leader in Hamilton. She is currently a member of the following Community Groups: Pannyabyr Landcare Group and South West Holistic Farmers.

Interest in shares: 100

Anthony John Page

Director

Occupation: Electrical Contractor

Qualifications, experience and expertise: Anthony has lived in Penshurst all his life. He is married with adult children. As a member of the local fire brigade, Penshurst Football Netball Club he has undertaken a number of key roles. He started his working life as an electrical apprentice in 1981 before purchasing his current service station and electrical contracting business in 1986.

Interest in shares: 5,000

James William Schofield

Director

Occupation: Farmer

Qualifications, experience and expertise: James has managed his farming enterprise for over 30 years. He has worked as a wool classer and more recently as Regional Officer with Greening Australia. He is President of the Woodhouse Hall and Recreational Reserve Committee.

Interest in shares: 1,000

Susan Mary Morse

Director

Occupation: Retired

Qualifications, experience and expertise: Sue Morse is married to Derek and they have 3 children and 2 grandchildren. Sue grew up and attended Teacher's College in Adelaide but has lived in Dunkeld for over 40 years.

Beginning her working career as a Teacher and finishing as a Real Estate Agent, Sue is now enjoying retirement. Over the years, she has been involved in many community organisations, has held many official positions in the local and district golf associations, and volunteers at the Dunkeld Visitor Information Centre as well as helping run the family business.

Interest in shares: 10,000

Jodie Lousie Young

Director

Occupation: Nurse, Primary Producer

Qualifications, experience and expertise: Bachelor of Nursing, Marcus Oldham Rural Leadership Program, Cavendish Red Gum Festival committee member. Jodie is from a family farming operation running a commercial Angus herd in Western Victoria. A registered nurse currently employed part time at Casterton, Victoria. Jodie lives with her husband and children at Cavendish running sheep and cattle and plans to improve the liveability and amenities of Cavendish and within our region by becoming a Bendigo Community Bank director. Jodie brings attributes including; different workplace exposure, practical, enjoys challenges and seeking out improvements, community minded, volunteering and gardening.

Interest in shares: Nil

Director's Report (continued)

Sherryn Lesley Jennings

Director (Appointed 1 May 2019)

Occupation: Accountant

Qualifications, experience and expertise: Sherryn is a Chartered Accountant and brings her financial management and accounting skills along with her knowledge of Dunkeld and district. Sherryn currently sits on the Community Advisory Group for the Rural Financial Counselling Service.

Interest in shares: Nil

Christopher Robert Murphy

Director (Appointed 31 July 2019)

Occupation: Grazier – Beef cattle producer

Qualifications, experience and expertise: Formerly Chief Financial Officer at Downer Infrastructure. Associate Chartered Accountants Australia and New Zealand (CA ANZ), Fellow Governance Institute of Australia. Over 20 years experience as a Finance and Accounting Executive with public companies. I hope to bring to the Community Bank my skills and experience to ensure its continued success. Current volunteer member of Woodhouse CFA. Former committee member and Treasurer of Hamilton and District Gymnastics Club Inc.,. Coach Hamilton College U10 boys basketball team. Current member of Western District Better Beef Group.

Interest in shares: Nil

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

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

Company Secretary

The company secretary is Helen Nielsen. Helen was appointed to the position of secretary on 31 August 2016.

Helen's qualifications, experience and expertise: She holds a Bachelor of Applied Science (Agriculture), Diploma of Business and Diploma of Project Management. Her current role is Investment and Planning Manager for Department of Jobs, Precincts, and Regions.

Principal Activities

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

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

Operating results

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

Year ended 30 June 2019	Year ended 30 June 2018
\$	\$
62,165	45,166

Dividends

A fully unfranked dividend of 3 cents per share (\$18,702) was declared and paid in respect of the year ended 30 June 2018.

Subsequent to the end of the financial year, a fully unfranked dividend of 4 cents per share (\$24,936) was declared in respect of the year ended 30 June 2019.

Significant changes in the state of affairs

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

Director's Report (continued)

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 note 20 and 22 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 agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability incurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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

Directors' meetings

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

	Board Meetings Attended	
	Eligible	Attended
Craig Gordon Oliver	11	9
Brendan John Kelly	11	10
Helen Nielsen	11	7
Anthony John Page	11	9
David Andrew McLeod	11	9
James William Schofield	11	9
Susan Mary Morse	11	10
Jodie Lousie Young	11	8
Sherryn Lesley Jennings (Appointed 1 May 2019)	2	2
Christopher Robert Murphy (Appointed 31 July 2019)	-	-
Gary John Simpson (Resigned 31 December 2018)	6	4

Director's Report (continued)

Proceedings on behalf of the company

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

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

Non audit services

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

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

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

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

Signed in accordance with a resolution of the board of directors at Dunkeld, Victoria on 25 September 2019.



Craig Gordon Oliver
Chairman

Auditor's Independence Declaration



Chartered Accountants

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

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

As lead auditor for the audit of Grampians Regional Community Enterprises 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: 25th September 2019

Joshua Griffin
Lead Auditor

Financial statements

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

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	551,515	463,173
Employee benefits expense		(266,128)	(242,194)
Charitable donations, sponsorship, advertising and promotion		(36,545)	(25,711)
Occupancy and associated costs		(40,442)	(31,657)
Systems costs		(32,911)	(30,694)
Depreciation and amortisation expense	5	(19,164)	(20,901)
Finance costs	5	(744)	(985)
General administration expenses		(69,712)	(48,733)
Profit before income tax expense		85,869	62,298
Income tax expense	6	(23,704)	(17,132)
Profit after income tax expense		62,165	45,166
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		62,165	45,166
Earnings per share		¢	¢
Basic earnings per share	23	9.97	7.25

Financial statements (continued)

Balance Sheet as at 30 June 2019

	Notes	2019 \$	2017\$
ASSETS			
Current assets			
Cash and cash equivalents	7	196,028	171,001
Trade and other receivables	8	62,908	43,462
Total current assets		258,936	214,463
Non-current assets			
Property, plant and equipment	9	37,120	25,136
Intangible assets	10	21,801	35,358
Deferred tax asset	11	96,470	120,174
Total non-current assets		155,391	180,668
Total assets		414,327	395,131
LIABILITIES			
Current liabilities			
Trade and other payables	12	37,765	41,220
Borrowings	13	-	6,782
Provisions	14	39,043	31,793
Total current liabilities		76,808	79,795
Non-current liabilities			
Trade and other payables	12	-	13,556
Borrowings	13	-	9,751
Provisions	14	2,540	513
Total non-current liabilities		2,540	23,820
Total liabilities		79,348	103,615
Net assets		334,979	291,516
EQUITY			
Issued capital	15	612,891	612,891
Accumulated losses	16	(277,912)	(321,375)
Total equity		334,979	291,516

Financial statements (continued)

Statement of Changes in Equity For the year ended 30 June 2019

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016		612,891	(385,695)	227,196
Total comprehensive income for the year		-	45,166	45,166
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	-	-
Balance at 30 June 2018		612,891	(321,375)	291,516
Balance at 1 July 2018		612,891	(321,375)	291,516
Total comprehensive income for the year		-	62,165	62,165
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	(18,702)	(18,702)
Balance at 30 June 2019		612,891	(277,912)	334,979

Financial statements (continued)

Statement of Cash Flows For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		581,289	506,712
Payments to suppliers and employees		(489,978)	(423,645)
Interest received		2,560	1,705
Interest paid		(744)	(985)
Net cash provided by operating activities	17	93,127	83,787
Cash flows from investing activities			
Payments for property, plant and equipment		(30,673)	-
Proceeds from property, plant and equipment		11,364	-
Payments for intangible assets		(13,556)	(13,556)
Net cash used in investing activities		(32,865)	(13,556)
Cash flows from financing activities			
Repayment of borrowings		(16,533)	(6,468)
Dividends paid	21	(18,702)	-
Net cash used in financing activities		(35,235)	(6,468)
Net increase in cash held		25,027	63,763
Cash and cash equivalents at the beginning of the financial year		171,001	107,238
Cash and cash equivalents at the end of the financial year	7(a)	196,028	171,001

Notes to the Financial Statements

For year ending 30 June 2019

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Application of new and amended accounting standards

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

AASB 15 Revenue from Contracts with Customers

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

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

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

Notes to the Financial Statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued) AASB 9 Financial Instruments

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

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

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

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

AASB 16 Leases

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

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

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

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

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

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of \$261,925.

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 Dunkeld, Victoria

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.

Notes to the Financial Statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

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

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

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

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

b) Revenue

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

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

Revenue calculation

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

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

Notes to the Financial Statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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

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

Commission

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

Fee income

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

Discretionary financial contributions

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

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

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

Ability to change financial return

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

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

Notes to the Financial Statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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

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

Monitoring and changing financial return

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

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

c) Income tax

Current tax

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

Deferred tax

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

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

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

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

Notes to the Financial Statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

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 price.

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:

– furniture and fittings	4 - 20	years
– motor vehicle	4	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.

Notes to the Financial Statements (continued)

Note 1. Summary of significant accounting policies (continued)

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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).

Notes to the Financial Statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement (continued)

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.

Notes to the Financial Statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (*continued*)

Impairment (continued)

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.

l) Leases

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

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

m) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or 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.

Notes to the Financial Statements (continued)

Note 1. Summary of significant accounting policies (continued)

n) Issued capital

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

o) Earnings per share

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

p) Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(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.

Notes to the Financial Statements (continued)

Note 2. Financial risk management (continued)

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

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

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

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

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

Expected credit loss assessment for other customers

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

(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.

Notes to the Financial Statements (continued)

Note 3. Critical accounting estimates and judgements

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.

Notes to the Financial Statements (continued)

Note 4. Revenue from ordinary activities	2019	2018
	\$	\$
Operating activities:		
- gross margin	333,018	287,234
- services commissions	148,103	107,878
- fee income	31,648	28,373
- market development fund	35,833	37,500
Total revenue from operating activities	<u>548,602</u>	<u>460,985</u>
Non-operating activities:		
- interest received	2,560	1,705
- other revenue	353	483
Total revenue from non-operating activities	<u>2,913</u>	<u>2,188</u>
Total revenues from ordinary activities	<u><u>551,515</u></u>	<u><u>463,173</u></u>
Note 5. Expenses		
Depreciation of non-current assets:		
- furniture and fittings	1,216	1,542
- motor vehicles	4,392	5,803
Amortisation of non-current assets:		
- franchise agreement	2,259	2,259
- franchise renewal fee	11,297	11,297
	<u>19,164</u>	<u>20,901</u>
Finance costs:		
- interest paid	744	985
Bad debts	<u>(59)</u>	<u>85</u>
Loss on disposal of asset	<u>1,718</u>	<u>-</u>
Note 6. Income tax expense		
The components of tax expense comprise:		
- Movement in deferred tax	(2,578)	1,443
- Recoupment of prior year tax losses	26,282	15,689
	<u>23,704</u>	<u>17,132</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	85,869	62,298
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	23,614	17,132
Add tax effect of:		
- non-deductible expenses	90	-
- timing difference expenses	2,578	(1,443)
	<u>26,282</u>	<u>15,689</u>
Movement in deferred tax	<u>(2,578)</u>	<u>1,443</u>
	<u><u>23,704</u></u>	<u><u>17,132</u></u>
Note 7. Cash and cash equivalents		
Cash at bank and on hand	69,474	47,007
Term deposits	126,554	123,994
	<u>196,028</u>	<u>171,001</u>

Notes to the Financial Statements (continued)

Note 7.(a) Reconciliation to cash flow statement	2019	2018
	\$	\$
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	69,474	47,007
Term deposits	126,554	123,994
	<u>196,028</u>	<u>171,001</u>
Note 8. Trade and other receivables		
Trade receivables	49,847	36,996
Prepayments	13,061	6,466
	<u>62,908</u>	<u>43,462</u>
Note 9. Property, plant and equipment		
Leasehold improvements		
At cost	1,363	1,363
Less accumulated depreciation	(1,363)	(1,363)
	<u>-</u>	<u>-</u>
Furniture and fittings		
At cost	29,884	29,884
Less accumulated depreciation	(23,374)	(22,158)
	<u>6,510</u>	<u>7,726</u>
Motor vehicles		
At cost	30,673	27,222
Less accumulated depreciation	(63)	(9,812)
	<u>30,610</u>	<u>17,410</u>
Plant and equipment		
At cost	12,179	12,179
Less accumulated depreciation	(12,179)	(12,179)
	<u>-</u>	<u>-</u>
Total written down amount	<u>37,120</u>	<u>25,136</u>
Movements in carrying amounts:		
Furniture and fittings		
Carrying amount at beginning	7,726	9,268
Additions		
Less: depreciation expense	(1,216)	(1,542)
Carrying amount at end	<u>6,510</u>	<u>7,726</u>
Motor vehicles		
Carrying amount at beginning	17,410	23,213
Additions	30,673	-
Disposals	(13,081)	-
Less: depreciation expense	(4,392)	(5,803)
Carrying amount at end	<u>30,610</u>	<u>17,410</u>
Total written down amount	<u>37,120</u>	<u>25,136</u>

Notes to the Financial Statements (continued)

Note 10. Intangible assets	2019	2018
	\$	\$
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
Franchise fee		
At cost	21,297	21,297
Less: accumulated amortisation	(17,663)	(15,403)
	<u>3,634</u>	<u>5,894</u>
Renewal processing fee		
At cost	56,484	56,484
Less: accumulated amortisation	(38,317)	(27,020)
	<u>18,167</u>	<u>29,464</u>
Total written down amount	<u><u>21,801</u></u>	<u><u>35,358</u></u>
Note 11. Tax		
Non-Current:		
Deferred tax assets		
- accruals	798	-
- employee provisions	11,435	8,884
- tax losses carried forward	84,237	111,290
	<u>96,470</u>	<u>120,174</u>
Net deferred tax asset	<u><u>96,470</u></u>	<u><u>120,174</u></u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u><u>23,704</u></u>	<u><u>17,132</u></u>
Note 12. Trade and other payables		
Current:		
Other creditors and accruals	<u><u>37,765</u></u>	<u><u>41,220</u></u>
Non-Current:		
Other creditors and accruals	<u><u>-</u></u>	<u><u>13,556</u></u>

Notes to the Financial Statements (continued)

Note 13. Borrowings	2019	2018
	\$	\$
Current:		
Finance lease	18	- 6,782
Non-Current:		
Finance lease	18	- 9,751

The finance lease was paid out during the 2018/2019 financial year.

Note 14. Provisions		
Current:		
Provision for annual leave	18,399	13,430
Provision for long service leave	20,644	18,363
	<u>39,043</u>	<u>31,793</u>
Non-Current:		
Provision for long service leave	2,540	513

Note 15. Issued capital		
623,400 ordinary shares fully paid (2018: 623,400)	623,400	623,400
Less: equity raising expenses	(10,509)	(10,509)
	<u>612,891</u>	<u>612,891</u>

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.

Notes to the Financial Statements (continued)

Note 15. Issued capital (continued)

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 322. As at the date of this report, the company had 326 shareholders.

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

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

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

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

Note 16. Accumulated losses	2019	2018
	\$	\$
Balance at the beginning of the financial year	(321,375)	(366,541)
Net profit from ordinary activities after income tax	62,165	45,166
Balance at the end of the financial year	<u>(277,912)</u>	<u>(321,375)</u>

Notes to the Financial Statements (continued)

Note 17. Statement of cash flows	2019	2018
	\$	\$
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	62,165	45,166
Non cash items:		
- depreciation	5,608	7,345
- amortisation	13,556	13,556
- loss on disposal of asset	1,718	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(19,446)	(7,495)
- (increase)/decrease in other assets	23,704	17,132
- increase/(decrease) in payables	(3,455)	10,530
- increase/(decrease) in provisions	9,277	(2,447)
Net cash flows provided by operating activities	<u>93,127</u>	<u>83,787</u>

Note 18. Leases

Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	-	7,454
- between 12 months and 5 years	-	9,931
Minimum lease payments	-	17,385
Less future finance charges	-	(852)
Present value of minimum lease payments	<u>-</u>	<u>16,533</u>

The finance lease was paid out during the 2018-2019 financial year.

Operating lease commitments

Non-cancellable operating lease contracted for but not capitalised in the financial statements

Payable - minimum lease payments:		
- not later than 12 months	22,451	22,000
- between 12 months and 5 years	14,967	36,667
	<u>37,418</u>	<u>58,667</u>

The branch lease was renewed on 1 February 2016 and is a non-cancellable lease with 2 additional five-year terms available, with rent payable monthly.

Note 19. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,600	4,400
- share registry	6,710	-
- non audit services	1,830	3,210
	<u>13,140</u>	<u>7,610</u>

Notes to the Financial Statements (continued)

Note 20. Director and related party disclosures	2019	2018
	\$	\$

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

Craig Gordon Oliver
 Brendan John Kelly
 Helen Nielsen
 Anthony John Page
 David Andrew McLeod
 James William Schofield
 Susan Mary Morse
 Jodie Lousie Young
 Sherryn Lesley Jennings (*Appointed 1 May 2019*)
 Christopher Robert Murphy (*Appointed 31 July 2019*)
 Gary John Simpson (*Resigned 31 December 2018*)

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.

Transactions with related parties:	2019	2018
	\$	\$
Anthony John Page's electrical contracting business received the following amount for emergency and exit lighting testing services provided.	583	200

Directors Shareholdings	2019	2018
Craig Gordon Oliver	3,400	3,400
Brendan John Kelly	10,000	11,500
Helen Nielsen	100	100
Anthony John Page	5,000	5,000
David Andrew McLeod	15,000	10,000
James William Schofield	1,000	1,000
Susan Mary Morse	10,000	-
Jodie Lousie Young	-	-
<i>Sherryn Lesley Jennings (Appointed 1 May 2019)</i>	-	-
<i>Christopher Robert Murphy (Appointed 31 July 2019)</i>	-	-
Gary John Simpson (<i>Resigned 31 December 2018</i>)	2,000	1,000

Susan Mary Morse purchased 10,000 shares during the 2018-2019 financial year.

Notes to the Financial Statements (continued)

Note 21. Dividends provided for or paid	2019	2018
	\$	\$
a. Dividends paid during the year		
Current year dividend		
Unfranked dividend - 3 cents (2018: nil cents) per share	18,702	-
b. Dividends proposed and not recognised as a liability		
Current year dividend		
Unfranked dividend - 4 cents (2018: 3 cents) per share	24,936	18,702
c. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	3,217	3,217
- franking credits that will arise from payment of income tax as 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:	3,217	3,217
- 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	3,217	3,217

Note 22. 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.

Community Bank® Directors' Privileges Package

The board has adopted the **Community Bank®** Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the **Community Bank®** branch at Dunkeld, Victoria. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$nil for the year ended 30 June 2019 (2018: \$nil).

Notes to the Financial Statements (continued)

Note 23. Earnings per share	2019	2018
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	62,165	45,166
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	623,400	623,400

Note 24. 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 25. 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 26. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services in Dunkeld, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 27. 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
92 Parker Street
Dunkeld, Victoria, 3294

Principal Place of Business
92 Parker Street
Dunkeld, Victoria, 3294

Note 28. Financial instruments

Financial Instrument Composition and Maturity Analysis

Notes to the Financial Statements (continued)

Note 28. Financial instruments (continued)

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	
	2019	2018	1 year or less		Over 1 to 5 years		Over 5 years		2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	69,474	47,007	126,554	123,994	-	-	-	-	-	-	1.41	1.21
Receivables	-	-	-	-	-	-	-	-	49,847	36,996	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	6,782	-	9,751	-	-	-	-	6.46	8.78

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%	1,960	1,545
Decrease in interest rate by 1%	(1,960)	(1,545)
Change in equity		
Increase in interest rate by 1%	1,960	1,545
Decrease in interest rate by 1%	(1,960)	(1,545)

Directors' Declaration

In accordance with a resolution of the directors of Grampians Regional Community Enterprises 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.



Craig Gordon Oliver, Chairman

Signed on the 25th of September 2019

Independent Audit Report



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 Grampians Regional Community Enterprises Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Grampians Regional Community Enterprises 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

Grampians Regional Community Enterprises 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.

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Independent Audit Report (continued)

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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



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



Joshua Griffin
Lead Auditor

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Franchisee: Grampians Regional Community Enterprises Limited
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