Annual Report 2019

Hawkesbury Community Financial Services Limited

ABN 97 099 838 463

North Richmond and Richmond Community Bank Branches

Don Shaddick
Chairman's Report

Another busy year has passed in the life of Hawkesbury Community Financial Services Limited (the company). The following is my report for the year ended 30 June 2019.

Results: In the 2018/19 financial year, the company experienced a growth in banking business in excess of $4.4 million. Despite the challenges presented by low interest rates, a slowing economy and the Royal Commission into Banking, thanks to the dedication of our manager, Tony Weller and the commitment of his staff both branches have managed to achieve growth. The financial result is assisted by the continued loyalty of our customers. The Board is pleased to announce that it has once again approved a final fully franked dividend of 15 cents per share and this will be paid during December 2019.

Community: The Company has continued to demonstrate its commitment to our local community by providing sponsorship and donations to a wide variety of sporting, educational and cultural organisations. The requests we receive for assistance and the responses we have received from these organisations tells us that we are making a valuable contribution to the welfare of our area and its people. Our customers can be justly proud of the benefits that their support enables us to provide.

Activities: In April 2019, we conducted a Trades-persons Information Evening at Richmond Golf Club as a public relations exercise and as a community service. The evening was well received by local tradies and a number of speakers addressed matters of interest to small business owners. My thanks to the directors and staff who assisted with the organisation or participated in that function.

Staff: The ongoing success of our business is attributable to and indeed dependent upon our staff. Their commitment to the aims of the bank, their loyalty and the efficient and friendly service they provide to our customers is our greatest asset. The Board values the assistance given by all staff and in particular:
- Our Manager, Tony Weller who acts as Chair of the Community Relations Committee assessing requests for grants.
- Kellie Scholte who has taken on an increased administrative role in addition to her support of the Company Secretary.
- Liz Griffiths' valuable contribution in assisting the Treasurer and attending to payment of accounts.

Tony and Chris continue to divide their time between North Richmond and Richmond and support Gail who is doing a great job at the Richmond branch.

Directors: As you know, our Directors serve on a voluntary basis. They devote much time and effort to their various roles on the Board and each contributes his/her own experience, flair and expertise to the matters which concern the Board.

Ongoing: Your Directors are committed to the business of the bank. With our dedicated and friendly front-line team, we continue to support and hopefully improve the welfare of the Hawkesbury community through grants, sponsorships and donations.

We thank you Shareholders for your support. Please remember to discuss all your banking needs with our staff. They're here to help you too. If the opportunity arises, please recommend the Bank to your friends and associates.

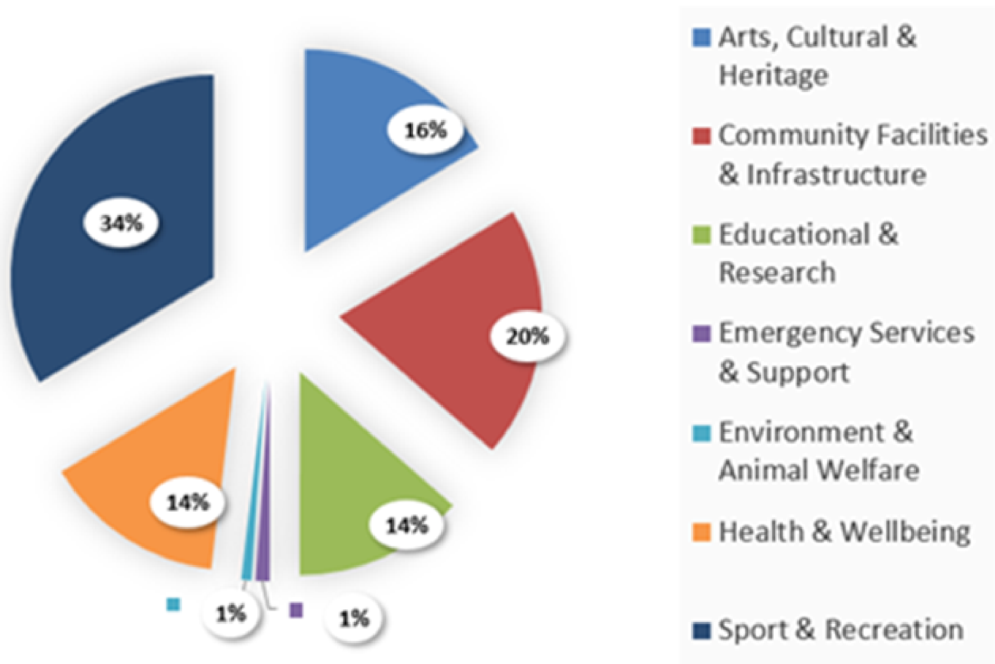
Don Shaddick
Chairman

Tony Weller
Manager's Report

We have had a very challenging past 12 months. There has been an NSW State Election and a Federal Election which both created uncertainty and apprehension in the economy. Add this to an already slowing housing market and we saw a general slowdown in business. Thankfully this only had a small impact on the overall profitability and did not impact on us being able to provide support to our local community.

Thanks to having great customers who value the service and products we offer we are still able to support the local community groups and associations that a lot of the people in the Hawkesbury either directly or indirectly rely on. Whilst there is a lot of distrust out there in regard to banks, we are a real alternative to the major banks and we're capitalising on that goodwill and uncertainty within the overall sector.

For those looking to be served in a welcoming and friendly manner our branches are here to provide that service. The people who choose to bank with us are the ones that allow all the support we have provided in the graph below.



As always, I save the best for last. A business is only as good as its people and we are very fortunate to have a very strong and customer focused team in Chris, Gail, Kellie, Liz, Jo, Vicki, Sue, Kristy, Lisa, Shannan, Cindi and Carmen. They always strive to provide the best service to our customers. We continue to receive excellent support from our hard-working volunteer board of directors of Don, Craig, David, Bill, Rowan, Shayne, Monica and Jane.

As always, a very big thank you goes out to all our shareholders who supported the bank from inception and have enabled what we do in the community.

Tony Weller
Manager

Hawkesbury Community Financial Services Limited
ABN: 97 099 838 463

Financial Report

For the year ended 30 June 2019

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

Directors

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

Donald John Shaddick	
Position	Non-executive Director and Chairman of Hawkesbury Community Financial Services Limited and Member of the Audit Committee and Community Relations Committee.
Professional qualifications	LLM Acc Spec (Business Law)
Experience and expertise	Legal Practitioner for 43 years. Former Director of Richmond Golf Club.

Craig Bennett	
Position	Non-executive Director, Company Secretary and Audit Committee Member.
Professional qualifications	Graduate of AICD and Associate of Corporate Governance Institute.
Experience and expertise	Former Chairman of an industrial company and extensive experience in financial and risk management in global investment banking in Australia and overseas. Previous Director and Chairman of APC Socotherm Pty Ltd.

William John Kerr	
Position	Non-executive Director, Chair of the HR Committee and Member of the Community Relations Committee and Scholarship Committee, HCFS Representative, Bendigo Bank Greater Sydney Marketing Cluster.
Professional qualifications	MBA, MSC(Immunol), BSC(Hon.Microb)
Experience and expertise	With a scientific background and over 35 years in a variety of Australian and International senior corporate, consulting and academic roles, Bill has over 20 years direct experience in the Medical Technology and Pharmaceutical sector (Sandoz, Baxter, Pharmacia; Canada, USA, Australia and many other client countries). He has also been a respected international lecturer in Strategic Management, International Business, Marketing Management, Operations Management and Competitive Intelligence (Australia, China, Hong Kong, Sri Lanka, Malaysia).

Shayne Ryan	
Position	Non-executive Director and Chairman of the Premises Committee and Scholarship Committee and Member of the Community Relations Committee and HR Committee.
Professional qualifications	Nil
Experience and expertise	20 Years experience in general management.

Rowan Parker	
Position	Non-executive Director and Assistant Chairman of Hawkesbury Community Financial Services Limited, Chairman of the Audit Committee, Social Media and Public Relations and Member of the Community Relations Committee.
Professional qualifications	B.Bus (Finance)
Experience and expertise	Software & website design, search engine optimisation and business systems analysis

David Palamara	
Position	Non-executive Director and Treasurer of Hawkesbury Community Financial Services Limited, Member of the Audit Committee and Community Relations Committee.
Professional qualifications	Bbus (Accounting) CPA
Experience and expertise	Senior finance and general management roles of medium sized businesses. Currently providing business management advice as a consultant to similar sized businesses.

Directors (continued)

Lyndell Spence (resigned Nov 2018)	
Position	Non-executive Director and member of the HR Committee, Community Relations Committee and Scholarship Committee.
Professional qualifications	Bachelor of Commerce
Experience and expertise	Human Resources Officer

Monica Tatton	
Position	Non-executive Director, Audit Committee Member, Community Relations Member
Professional qualifications	B Comm Accounting, Dip FS(FP)
Experience and expertise	20yrs experience working in Taxation and Business Services, including 14yrs owning and managing a Chartered Accounting Firm. Additional trained as a Financial Adviser and incorporating a Financial Planning business into our existing Chartered firm.

Jane Louise Tweedy	
Position	Non-Executive Director
Professional qualifications	numerous qualifications including Master of Applied Finance (MAF with Merit), BCA, Cert IV Small Business Management, Cert IV TAE
Experience and expertise	Nearly 20 years banking and investment management experience. More recently a Business Connect Advisor, giving business advice to small business owners and running her own small businesses in business training and job search. Currently volunteers as a Max Potential Community Coach.

Directors' meetings

Attendances by each Director during the year were as follows:

	Board meetings	
Director	**A**	**B**
Donald John Shaddick	10	8
Craig Bennett	10	10
William John Kerr	10	8
Shayne Ryan	10	8
Rowan Parker	10	10
David Palamara	10	9
Lyndell Spence (resigned Nov 2018)	5	0
Monica Tatton	10	9
Jane Louise Tweedy	10	9

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

Craig Bennett has been the Company Secretary of Hawkesbury Community Financial Services Limited since 2016.

Craig's qualifications and experience include Graduate of AICD and Associate of Corporate Governance Institute. Former Chairman of an industrial company and extensive experience in financial and risk management in global investment banking in Australia and overseas.

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.

Review of operations

The profit of the company for the financial year after provision for income tax was $235,026 (2018 profit: $278,363), which is a 15.6% decrease as compared with the previous year. This decrease was due to an increase in salaries and wages, whilst income has decreased.

Dividends

A franked final dividend of 15 cents per share was declared and paid during the 2019 financial year for the year ended 30 June 2018. No dividend has been declared or paid for the year ended 30 June 2019 as yet.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

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

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

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

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

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 6 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Hawkesbury Community Financial Services on 26 September 2019.

Donald Shaddick
Chairman

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Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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admin@rsdaudit.com.au
www.rsdaudit.com.au

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

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

(i) The auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

P. P. Delahunty
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 26 September 2019

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	2	1,759,872	1,786,870
Expenses			
Employee benefits expense	3	(854,943)	(818,409)
Depreciation and amortisation	3	(57,554)	(61,237)
Finance costs	3	(1,760)	(1,034)
Bad and doubtful debts expense	3	(777)	(1,561)
Administration and general costs		(136,222)	(122,776)
Occupancy expenses		(100,423)	(101,053)
IT expenses		(55,313)	(55,515)
Other expenses		(54,792)	(53,553)
		(1,261,784)	(1,215,138)
Operating profit before charitable donations & sponsorship		**498,088**	**571,732**
Charitable donations and sponsorships		(175,849)	(180,887)
Profit before income tax		**322,239**	**390,845**
Income tax expense	4	(87,213)	(112,482)
Profit for the year after income tax		**235,026**	**278,363**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of land and buildings (net of tax)	8	163,289	-
Total comprehensive income for the year		**398,315**	**278,363**
Profit attributable to members of the company		398,315	278,363
Total comprehensive income attributable to members of the company		**398,315**	**278,363**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	19	63.73	44.54

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

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Financial Position
as at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	5	361,851	222,191
Trade and other receivables	6	152,051	157,498
Financial assets	7	1,145,891	1,133,776
Total current assets		**1,659,793**	**1,513,465**
Non-current assets			
Property, plant and equipment	8	630,762	412,939
Intangible assets	10	78,781	103,022
Deferred tax assets	4	-	35,789
Total non-current assets		**709,543**	**551,750**
Total assets		**2,369,336**	**2,065,215**
Liabilities			
Current liabilities			
Trade and other payables	12	95,866	178,225
Current tax liability	4	4,254	32,423
Borrowings	13	5,770	5,497
Provisions	14	128,529	113,185
Total current liabilities		**234,419**	**329,330**
Non-current liabilities			
Trade and other payables	12	52,771	-
Borrowings	13	11,955	17,725
Provisions	14	7,874	13,611
Deferred tax liability	4	53,204	-
Total non-current liabilities		**125,804**	**31,336**
Total liabilities		**360,223**	**360,666**
Net assets		**2,009,113**	**1,704,549**
Equity			
Issued capital	15	625,009	625,009
Retained earnings	16	1,145,815	1,004,540
Reserves	18	238,289	75,000
Total equity		**2,009,113**	**1,704,549**

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

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Changes in Equity
for the year ended 30 June 2019

	Note	Issued capital $	Retained earnings $	Reserves $	Total equity $
Balance at 1 July 2018		**625,009**	**1,004,540**	**75,000**	**1,704,549**
Comprehensive income for the year					
Profit for the year		-	235,026	-	235,026
Other comprehensive income for the year		-	-	163,289	163,289
		-	**235,026**	**163,289**	**398,315**
Transactions with owners in their capacity as owners					
Dividends paid or provided	17	-	(93,751)	-	(93,751)
Balance at 30 June 2019		**625,009**	**1,145,815**	**238,289**	**2,009,113**
Balance at 1 July 2017		625,009	818,677	75,000	1,518,686
Comprehensive income for the year					
Profit for the year		-	278,363	-	278,363
Transactions with owners in their capacity as owners					
Dividends paid or provided	17	-	(92,500)	-	(92,500)
Balance at 30 June 2018		**625,009**	**1,004,540**	**75,000**	**1,704,549**

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

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Statement of Cash Flows
for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		1,922,540	1,932,431
Payments to suppliers and employees		(1,544,067)	(1,485,166)
Interest paid		(1,825)	(1,034)
Interest received		17,532	23,110
Income tax paid		(116,772)	(185,516)
Net cash flows provided by operating activities	20b	**277,408**	**283,825**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(1,800)
Purchase of investments		(12,115)	(257,421)
Purchase of intangible assets		(26,385)	(26,385)
Net cash flows used in investing activities		**(38,500)**	**(285,606)**
Cash flows from financing activities			
Repayment of borrowings		(5,497)	(23,029)
Dividends paid		(93,751)	(92,500)
Net cash flows used in financing activities		**(99,248)**	**(115,529)**
Net increase/(decrease) in cash held		**139,660**	**(117,310)**
Cash and cash equivalents at beginning of financial year		222,191	339,501
Cash and cash equivalents at end of financial year	20a	**361,851**	**222,191**

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

These financial statements and notes represent those of Hawkesbury Community Financial Services Limited.

Hawkesbury Community Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 26 September 2019.

1. Summary of significant accounting policies

(a) Basis of preparation

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

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branches at Richmond and North Richmond NSW.

The branches operate as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank”, the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branches;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistic controls;
- Calculation of company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sale techniques and proper customer relations.

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

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

(c) Goods and services tax (GST)

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

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

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

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

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

Estimation of useful lives of assets

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

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involved both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

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

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Income tax

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

Impairment

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

(f) New and revised standards that are effective for these financial statements

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2018. Note that the changes in accounting policies specified below **ONLY** apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue,* AASB 111 *Construction Contracts* and several revenue-related interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balances of retained earnings as at 1 July 2018 and comparatives are not restated.

Based on our assessment, there has not been any effect on the financial report from the adoption of this standard.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139's '*Financial Instruments: Recognition and Measurement*' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB9, the entity elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

Based on our assessment, other than the reclassification of financial assets, there has not been any effect on the financial report from the adoption of this standard.

1. Summary of significant accounting policies (continued)

AASB 9 Financial Instruments (continued)

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out on the proceeding pages.

AASB 16: *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:
- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The standard will primarily affect the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of $228,650. Upon adoption, it is expected that the company will recognise a 'right-of-use' asset and lease liability for approximately this value, and the lease expense will be replaced with depreciation and interest expenses.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The company does not intend to adopt the standard before its effective date.

(h) Change in accounting policies

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

To determine whether to recognise revenue, the company follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Given the nature of the agreement with Bendigo and Adelaide Bank Limited, there are no performance obligations, therefore the revenue is recognised at the earlier of:

a) when the entity has a right to receive the income and it can be reliably measured; or
b) upon receipt.

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Financial Instruments

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

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

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

Subsequent measurement of financial assets
For the purpose of subsequent measurement, financial assets, are as financial assets at amortised cost.

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

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

Impairment of financial assets
AASB 9's new forward looking impairment model applies to company's investments at amortised cost. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the company uses its historical experience, external indicators and forward-looking information to determine the expected credit losses on a case-by-case basis.

Financial Liabilities
As the accounting for financial liabilities remains largely unchanged from AASB 139, the company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

1. Summary of significant accounting policies (continued)

(h) Change in accounting policies (continued)

Financial Instruments (continued)

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

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

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

	AASB 139 Classification	AASB 9 Classification	AASB 139 Carrying value ($)	AASB 9 Carrying value ($)
Financial Asset				
Trade and Other receivables	Loans and receivables	Amortised cost	157,498	157,498
Term deposits	Held to maturity	Amortised cost	1,133,776	1,133,776
Financial Liabilities				
Trade and other payables	Amortised cost	Amortised cost	178,225	178,225
Borrowings	Amortised cost	Amortised cost	23,222	23,222

There was no change to the carrying values of financial assets and financial liabilities.

2. Revenue

	2019 $	2018 $
Revenue		
- service commissions	1,742,340	1,763,760
	1,742,340	1,763,760
Other revenue		
- interest received	17,532	23,110
	17,532	23,110
Total revenue	**1,759,872**	**1,786,870**

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

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

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

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

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

Core Banking Products
Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given.

Margin
Margin is earned on all core banking products. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin. Margin is determined by taking the interest paid by customers on loans less interest paid to customers on deposits, plus any deposit returns, i.e. interest return applied by Bendigo and Adelaide Bank Limited for a deposit, minus any costs of funds i.e. interest applied by Bendigo and Adelaide Bank Limited to fund a loan.

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

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

2. Revenue (continued)

Discretionary Financial Contributions

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

Form and Amount of Financial Return

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

Bendigo and Adelaide Bank Limited may make any of the following changes to form, method of calculation or amount of financial returns:

- A change to the products and services identified as 'core banking products and services'
- A change as to whether it pays the company margin, commission or fee income on any product or service.
- A change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.

These abovementioned changes, may impact the revenue received by the company on a particular product or service, or a

However, if Bendigo and Adeliade Bank Limited make any of the above changes, per the franchise agreement, it must comply with the following constraints in doing so.

a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;

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

c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

3. Expenses

	2019 $	2018 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	723,429	693,146
- superannuation costs	76,102	72,680
- other costs	55,412	52,583
	854,943	818,409
Finance costs		
- Interest paid	1,760	1,034
Bad and doubtful debts expenses	777	1,561

3. Expenses (continued)

	2019 $	2018 $
Depreciation and amortisation		
Depreciation		
- buildings	8,047	9,906
- leasehold improvements	5,574	2,833
- plant and equipment	15,192	20,413
- motor vehicles	4,500	4,500
	33,313	37,652
Amortisation		
- franchise fees	4,341	4,063
- renewal fees	19,900	19,522
	24,241	23,585
Total depreciation and amortisation	57,554	61,237
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	10,665	6,480

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation and amortisation

The depreciable amount of all fixed and intangible assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	*Rate*	*Method*
Buildings	2.5%	Straight line
Leasehold improvements	2.5% - 25%	Straight line
Plant and equipment	2.5% - 25%	Straight line
Motor vehicles	12.5%	Straight line
Franchise & renewal fees	20.0%	Straight line

4. Income tax

	2019 $	2018 $
a. The components of tax expense comprise:		
Current tax expense	90,006	116,558
Deferred tax expense	88,995	(4,076)
Deferred tax recognised in OCI	(90,385)	
Under / (over) provision of prior years	(1,403)	-
	87,213	**112,482**

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

	2019 $	2018 $
Prima facie tax on profit before income tax at 27.5% (2018: 27.5%)	88,616	107,482
Add tax effect of:		
- Under / (over) provision of prior years	(1,403)	-
- Non-deductible expenses	-	5,000
Income tax attributable to the entity	**87,213**	**112,482**
The applicable weighted average effective tax rate is:	27.06%	28.78%

c. Current tax liability
Current tax relates to the following:
Current tax liabilities

	2019 $	2018 $
Opening balance	32,423	101,383
Income tax paid	(116,772)	(185,518)
Current tax	90,006	116,558
Under / (over) provision prior years	(1,403)	-
	4,254	**32,423**

d. Deferred tax asset / (liability)
Deferred tax relates to the following:

	2019 $	2018 $
Deferred tax assets comprise:		
Accruals	1,471	921
Employee provisions	35,710	34,868
	37,181	35,789
Deferred tax liabilities comprise:		
Property, plant & equipment	90,385	-
	90,385	-
Net deferred tax asset / (liability)	**(53,204)**	**35,789**

e. Deferred income tax included in income tax expense comprises:

	2019 $	2018 $
Decrease / (increase) in deferred tax assets	(1,390)	(4,076)
(Decrease) / increase in deferred tax liabilities	90,385	-
Deferred tax recognised in OCI	(90,385)	
	(1,390)	**(4,076)**

4. Income tax (continued)

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/assets are measured at the amounts expected to be paid to/recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

5. Cash and cash equivalents

	2019	2018
	$	$
Cash at bank and on hand	361,851	222,191
	361,851	**222,191**

Cash and cash equivalents include cash on hand, deposits available on demand with banks and other short-term highly liquid investments with original maturities of three months or less.

6. Trade and other receivables

	2019	2018
	$	$
Current		
Trade receivables	152,051	157,498
	152,051	**157,498**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established in accordance with the expected credit loss model, or when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Credit risk

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

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

6. Trade and other receivables (continued)

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2019	$	$	$	$	$	$
Trade receivables	152,051	152,051	-	-	-	-
Total	**152,051**	**152,051**	**-**	**-**	**-**	**-**
2018						
Trade receivables	157,498	157,498	-	-	-	-
Total	**157,498**	**157,498**	**-**	**-**	**-**	**-**

7. Financial assets

	2019	2018
	$	$
Financial assets at amortised cost		
Term deposits	1,145,891	1,133,776
	1,145,891	1,133,776

The weighted average effective interest rate on the bank deposits was 2.44% (2018: 2.39%). These deposit have an original term of between 6 an 24 months.

(a) Classification of financial assets

The company classifies its financial assets at amortised cost.

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

(b) Measurement of financial assets

Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

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

7. Financial assets (continued)

(c) Impairment of financial assets

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

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

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

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

(d) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

8. Property, plant and equipment

	2019 $ At cost / valuation	2019 $ Accumulated depreciation	2019 $ Written down value	2018 $ At cost / valuation	2018 $ Accumulated depreciation	2018 $ Written down value
Land - at fair value	355,000	-	355,000	107,500	-	107,500
Buildings - at fair value	185,000	(8,047)	176,953	323,666	(144,840)	178,826
Leasehold improvements - at cost	56,667	(18,746)	37,921	56,667	(13,172)	43,495
Plant and equipment - at cost	151,923	(108,422)	43,501	255,586	(194,355)	61,231
Motor vehicles - at cost	32,946	(15,559)	17,387	32,946	(11,059)	21,887
Total property, plant and equipment	**781,536**	**(150,774)**	**630,762**	**776,365**	**(363,426)**	**412,939**

Land and buildings

Freehold land and buildings are carried at their fair value (refer note 28), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings. An independent valuation was carried out by Murray Liston of Civic MJD Pty Ltd (AAPI Certified Practiving Valuer No 69255) during the year ended 30 June 2019.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

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

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

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

8. Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

(a) Capital expenditure commitments

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

(b) Movements in carrying amounts of PP&E

2019	Opening written down value $	Additions $	Write-offs $	Revaluations $	Depreciation $	Closing written down value $
Land	107,500	-	-	247,500	-	355,000
Buildings	178,826	-	-	6,174	(8,047)	176,953
Leasehold improvements	43,495	-	-	-	(5,574)	37,921
Plant and equipment	61,231	-	(2,538)	-	(15,192)	43,501
Motor vehicles	21,887	-	-	-	(4,500)	17,387
Total property, plant and equipment	**412,939**	**-**	**(2,538)**	**253,674**	**(33,313)**	**630,762**

2018	Opening written down value $	Additions $	Write-offs $	Revaluations $	Depreciation $	Closing written down value $
Land	107,500	-	-	-	-	107,500
Buildings	186,932	1,800	-	-	(9,906)	178,826
Leasehold improvements	46,328	-	-	-	(2,833)	43,495
Plant and equipment	81,644	-	-	-	(20,413)	61,231
Motor vehicles	26,387	-	-	-	(4,500)	21,887
Total property, plant and equipment	**448,791**	**1,800**	**-**	**-**	**(37,652)**	**412,939**

10. Intangible assets

	2019 $ At cost	2019 $ Accumulated amortisation	2019 $ Written down value	2018 $ At cost	2018 $ Accumulated amortisation	2018 $ Written down value
Franchise fees	22,036	(7,647)	14,389	36,954	(18,224)	18,730
Renewal fees	99,168	(34,776)	64,392	182,210	(97,918)	84,292
Total intangible assets	**121,204**	**(42,423)**	**78,781**	**219,164**	**(116,142)**	**103,022**

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

Movements in carrying amounts

2019	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	18,730	-	(4,341)	14,389
Renewal fees	84,292	-	(19,900)	64,392
Total intangible assets	**103,022**	**-**	**(24,241)**	**78,781**

2018	Opening written down value $	Additions $	Amortisation $	Closing written down value $
Franchise fees	757	22,036	(4,063)	18,730
Renewal fees	4,646	99,168	(19,522)	84,292
Total intangible assets	**5,403**	**121,204**	**(23,585)**	**103,022**

11. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

12. Trade and other payables

	2019 $	2018 $
Current		
Unsecured liabilities:		
Trade creditors	31,403	29,146
GST liabilities	38,077	41,342
Franchise fee payables	26,386	107,737
	95,866	**178,225**
Non-current		
Unsecured liabilities:		
Franchise fee payables	52,771	-
	52,771	**-**
Total trade and other payables	**148,637**	**178,225**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. The franchise fee is repayable over a 5 year period.

The average credit period on trade and other payables, excluding the franchie fee payable is one month.

13. Borrowings

	2019 $	2018 $
Current		
Secured liabilities		
Finance lease	5,770	5,497
	5,770	**5,497**
Non-current		
Secured liabilities		
Finance lease	11,955	17,725
	11,955	**17,725**
Total borrowings	**17,725**	**23,222**

13. Borrowings (continued)

Finance 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 recognising 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.

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

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 recognised as expenses in the periods in which they are incurred.

14. Provisions

	2019 $	2018 $
Current		
Employee benefits	128,529	113,185
Non-current		
Employee benefits	7,874	13,611
Total provisions	**136,403**	**126,796**

Short-term employee benefits
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

15. Share capital

	2019 $	2018 $
625,009 Ordinary shares fully paid	625,009	625,009
	625,009	**625,009**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(a) Movements in share capital

Fully paid ordinary shares:		
At the beginning of the reporting period	625,009	625,009
At the end of the reporting period	**625,009**	**625,009**

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

(b) Capital management

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

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

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

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

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

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

16. Retained earnings

	2019 $	2018 $
Balance at the beginning of the reporting period	1,004,540	818,677
Profit for the year after income tax	235,026	278,363
Dividends paid	(93,751)	(92,500)
Balance at the end of the reporting period	**1,145,815**	**1,004,540**

17. Dividends paid or provided for on ordinary shares

	2019 $	2018 $
Dividends paid or provided for during the year		
Final fully franked ordinary dividend of 15 cents per share (2018:14 cents per share) franked at the tax rate of 27.5% (2018: 27.5%).	93,751	92,500

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

18. Reserves

	2019 $	2018 $
Asset revaluation reserve		
Balance at the beginning of the reporting period	75,000	75,000
Fair value movements during the period (tax effected)	163,289	-
Balance at the end of the reporting period	**238,289**	**75,000**

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

19. Earnings per share

	2019 $	2018 $
Basic earnings per share (cents)	63.73	44.54
Earnings used in calculating basic earnings per share	398,315	278,363
Weighted average number of ordinary shares used in calculating basic earnings per share	625,009	625,009

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

20. Statement of cash flows

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	2019 $	2018 $
Cash and cash equivalents (Note 5)	361,851	222,191
As per the Statement of Cash Flow	361,851	222,191

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

	2019 $	2018 $
Profit for the year after income tax	235,026	278,363
Non-cash flows in profit		
- Depreciation and amortisation	57,554	61,237
- Loss on assets written off	2,538	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	5,447	(7,194)
- (Increase) / decrease in deferred tax asset	1,393	(4,075)
- Increase / (decrease) in trade and other payables	(33,215)	8,434
- Increase / (decrease) in current tax liability	(945)	(68,960)
- Increase / (decrease) in provisions	9,610	16,020
Net cash flows from operating activities	277,408	283,825

21. Key management personnel and related party disclosures

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

No Director of the company receives remuneration for services as a company director or committee members as all positions are held on a voluntary basis.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

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

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

(d) Key management personnel shareholdings

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

	2019	2018
Donald John Shaddick	5,000	5,000
Craig Bennett	5,000	5,000
William John Kerr	-	-
Shayne Ryan	-	-
Rowan Parker	500	500
David Palamara	-	-
Lyndell Spence (resigned Nov 2018)	-	-
Monica Tatton	-	-
Jane Louise Tweedy	-	-
	10,500	**10,500**

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

22. Events after the reporting period

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

23. Contingent liabilities and contingent assets

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

24. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being City of Hawkesbury, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2018: 100%).

25. Commitments

Operating lease commitments

	2019 $	2018 $
Payable:		
- no later than 12 months	50,470	7,799
- between 12 months and five years	178,180	-
Minimum lease payments	**228,650**	**7,799**

The property lease is a non-cancellable lease with a five year term ending September 2023, with rent payable monthly in advance and with 4% increases each year. The company has an option for a further term of 5 years.

Non-cancellable operating leases contracted for are not capitalised in the Statement of Financial Position.

25. Commitments (continued)

Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

	2019 $	2018 $
Payable:		
- no later than 12 months	6,502	6,502
- between 12 months and five years	12,251	18,753
Minimum lease payments	**18,753**	**25,256**
Less future interest charges	(1,028)	(2,034)
Finance lease liability	**17,725**	**23,222**

The finance lease represents a lease of a motor vehicle under normal commercial finance lease terms and conditions repayable over 5 years.

26. Company details

The registered office and principal place of business is Shop 7 & 8 Riverview St, North Richmond, NSW 2758

27. Financial instrument risk

Financial risk management policies

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

Specific financial risk exposure and management

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

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 9 *Financial Instruments* as detailed in the accounting policies are as follows:

	Note	2019 $	2018 $
Financial assets			
Cash and cash equivalents	5	361,851	222,191
Trade and other receivables	6	152,051	157,498
Financial assets	7	1,145,891	1,133,776
Total financial assets		**1,659,793**	**1,513,465**
Financial liabilities			
Trade and other payables	12	148,637	178,225
Borrowings	13	17,725	23,222
Total financial liabilities		**166,362**	**201,447**

(a) Credit risk

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

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

Credit risk exposures

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

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

27. Financial instrument risk (continued)

(a) Credit risk (continued)

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

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

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

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

Financial liability and financial asset maturity analysis:

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	0.01%	361,851	361,851	-	-
Trade and other receivables		152,051	152,051	-	-
Financial assets	2.44%	1,145,891	1,145,891	-	-
Total anticipated inflows		1,659,793	1,659,793	-	-
Financial liabilities					
Trade and other payables		148,637	95,866	52,771	-
Borrowings	4.92%	17,725	5,770	11,955	-
Total expected outflows		166,362	101,636	64,726	-
Net inflow / (outflow) on financial instruments		**1,493,431**	**1,558,157**	**(64,726)**	**-**

27. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2018	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	0.14%	222,191	222,191	-	-
Trade and other receivables		157,498	157,498	-	-
Financial assets	2.39%	1,133,776	1,133,776	-	-
Total anticipated inflows		1,513,465	1,513,465	-	-
		1,355,967			
Financial liabilities					
Trade and other payables		178,225	99,068	79,157	-
Borrowings	4.92%	23,222	5,497	17,725	-
Total expected outflows		201,447	104,565	96,882	-
Net inflow / (outflow) on financial instruments		**1,312,018**	**1,408,900**	**(96,882)**	**-**

(c) Market risk

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

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

Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings, fixed interest securities, and cash and cash equivalents.
Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, management believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +/- 0.5% in market interest rates from year-end rates.

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

28. Fair value measurements

The company may measure some of its assets at fair value on either a recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The company measures and recognises the following assets at fair value on a recurring basis after initial recognition:
- freehold land and buildings

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

(a) Fair value hierarchy

AASB 13: *Fair value measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

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

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

28. Fair value measurements (continued)

(a) Fair value hierarchy (continued)

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

	30 June 2019			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	355,000	-	355,000
Buildings	-	176,953	-	176,953
Total non-financial assets recognised at fair value	**-**	**531,953**	**-**	**531,953**

	30 June 2018			
	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Non-financial assets				
Freehold land	-	107,500	-	107,500
Buildings	-	178,826	-	178,826
Total non-financial assets recognised at fair value	**-**	**286,326**	**-**	**286,326**

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

(b) Valuation techniques

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

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

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

28. Fair value measurements (continued)

Valuation techniques and inputs used to measure Level 2 fair values

A revaluation of the company's land and buildings was undertaken in 2019.

Description	Fair value at 30 June 2019 $	Description of valuation techniques	Inputs used
Freehold land	355,000	Market approch undertaken by independent valuer Murray Liston of Civic MJD Pty Ltd (AAPI Certified Practiving Valuer 69255)	Recent observable market data for similar properties, and land indicies released by the Valuer General of NSW.
Buildings	176,953	Market approch undertaken by independent valuer Murray Liston of Civic MJD Pty Ltd (AAPI Certified Practiving Valuer 69255)	Recent observable market data for similar properties.

The fair value of freehold land and buildings is determined at least every five years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

There were no changes during the period in the valuation techniques used by the company to determine Level 2 fair values.

(c) Reconciliation of recurring Level 2 Fair value measurements

Level 2	Freehold land $	Buildings $
Balance at the beginning of the year	107,500	178,826
Gains/(losses) recognised in profit or loss during the year	-	(8,047)
Revaluation during the year	247,500	6,174
Balance at the end of the year	**355,000**	**176,953**

Hawkesbury Community Financial Services Limited
ABN 97 099 838 463
Directors' Declaration

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

1. The financial statements and notes, as set out on pages 7 to 40 are in accordance with the *Corporations Act 2001* and:

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

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

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Donald Shaddick
Director

Signed at Richmond on 26 September 2019.

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

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

In our opinion the financial report of Hawkesbury Community Financial Services Limited is in accordance with the Corporations Act 2001, including:

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

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

Basis for Opinion

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

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

Independence

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

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

Director's Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

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

Other Information

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

RSD Audit
Chartered Accountants

P.P. Delahunty
Partner
Bendigo
Dated: 26 September 2019

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