

# Healesville & District Community Enterprise Limited

ABN 64 143 284 182

## 2018 Annual Report

Healesville **Community Bank®** branches



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# Chairman's report

For year ending 30 June 2018



It is my pleasure to present the 2017/18 Healesville & District Community Enterprise Limited Annual Report.

It is with enthusiasm that I can report that this year sees our first annual trading surplus for the company. This has followed from continued good governance and management by Directors and staff.

We celebrated eight years of operation of the Healesville **Community Bank**<sup>®</sup> Branch in February 2018 and have grown slowly but at an increasing rate over this time.

In looking back at the past two years we have seen net increases from ordinary activities of approximately \$70,000 and \$100,000 respectively year on year, with nearly all of this coming on the revenue side. We are satisfied that this reflects our disciplined approach to expense management, together with continued growth based on our business strategy.

Encouragingly, with the recent growth and forward budget projections, it is our belief that we will now see a continuation of trading surpluses over coming years that will enable us to firstly repay debt and subsequently see payment of dividends to shareholders. The latter remains our strong intent but this cannot be undertaken until loans have been repaid.

Frustratingly, while our community increasingly understands the **Community Bank**<sup>®</sup> model, where the more they support us, the more we can support our community, in many instances people are still conservative about moving their banking.

The **Community Bank**<sup>®</sup> model is unique. Being connected to our community means that we understand that successful customers assist to create a successful community. This community involvement is our real point of difference.

Thanks to the support of **Community Bank**<sup>®</sup> branch customers and shareholders, the Australia-wide network has now returned more than \$200 million to support and strengthen local communities. This enormous achievement came as the **Community Bank**<sup>®</sup> network celebrated the opening of its 319th branch 20 years after the **Community Bank**<sup>®</sup> concept was born in the Western Victorian farming townships of Rupanyup and Minyip in 1998. We are a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community. At the National Conference in August we will celebrate 20 years of 'community banking'.

Our Healesville **Community Bank**<sup>®</sup> company has played its role in this milestone, supporting many projects and community groups to help Healesville grow and thrive. These community grants and sponsorships have made a significant difference to a number of local organisations including Healesville Music Festival, Rotary Dogs Day Out, Art of Speech Festival, CJ Dennis Festival, Healesville Football & Netball club and all the Healesville High and Primary Schools to name just a few. We look forward to continuing to support these groups and others as more people bank with us and our improving financial position allows us to increase our local grants program.

## Ratings upgrade

Bendigo and Adelaide Bank Limited remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. It is also currently rated as Australia's most trusted bank and recently recognised in a Roy Morgan survey as Australia's third most trusted brand.

# Chairman's report *(continued)*

## Government guarantee

In September 2011, the Federal Government announced changes to its Financial Claims Scheme (FCS), also known as the “government guarantee”, lowering it from \$1 million to a permanent guarantee cap of \$250,000 per account holder per Authorised Deposit-taking Institution (ADI) effective 1 February 2012.

All **Community Bank**<sup>®</sup> branches operate under Bendigo and Adelaide Bank Limited's banking licence, and as such the first \$250,000 of a depositor's funds held with a **Community Bank**<sup>®</sup> branch are guaranteed by the Federal Government, free of charge, and supported by the capital base and financial strength of their franchise partner, Bendigo and Adelaide Bank Limited. Lowering the cap is an indication of the strength of Australian banks, including Bendigo and Adelaide Bank Limited and the combination of healthy, profitable banks and strong prudential regulation is the best guarantee our customers have that their money is safe in our bank.

## Income

Healesville & District Community Enterprise Limited is reporting a full financial year trading surplus of \$58,504 for 2017/18. Our existing overdraft remains unchanged and the business is now growing, at an encouraging rate. All indicators are suggesting that we should now see continued surpluses and we thank our highly engaged staff, Board and Bendigo Bank for working hard in the community and on our business growth strategies. These surpluses will enable us to repay loans and debt as the first priority. The sub-leasing of the upstairs area continues to add additional income.

## Operating expenses

Over the past year, we have again maintained a strong reign on expenses whilst improving growth. We are in a sound position to benefit from market opportunities that present as well as from any improvement in market sentiment and the general operating environment. After a thorough review of the business viability of continued Saturday morning training we made a decision to discontinue this late in 2016. This decision has been vindicated, particularly from a financial perspective.

## Your Board

The Healesville & District Community Enterprise Limited Board of Directors is drawn from the local community and each Director is skilled in their area of expertise and passionate about our community. They volunteer their time to guide and grow the business. They support the branch staff and work tirelessly in the community promoting the Healesville **Community Bank**<sup>®</sup> Branch.

May I express my appreciation to your 2017/18 Board of Directors – Gary Slater, Kath Gannaway, Bruce Argyle, Sandra Schoffer (Company Secretary), Nikola Sanders (Treasurer), Geoff Sherman, Kath Holton (ret), Bob Gannaway, (Secretary), Danny Zemp, Jenny Mackinnon and Michael Thompson for the work they do on our various committees and in the community. I would like to particularly thank Kath Holton, Sandra Schoffer, Nikola Sanders and Bob Gannaway who are retiring at the AGM. Each have made substantial contributions over the past ten years as Directors, with Kath, Sandra and Bob having been involved since the very beginning with the establishment of the first steering committee. In addition, Brad Sanders, David Hill and Walter Skilton have served as invaluable Advisors. We also acknowledge the pivotal support of the Bendigo and Adelaide Bank Limited team, particularly Regional Community Manager, Gabi Butler and Regional Manager, Marisa Dickens.

## Our staff

Rosanna Miguel took over as our new Branch Manager in March 2018 and the staff team have continued to deliver excellent customer service and produce good results. They do this by providing local residents, traders and businesses with professional and friendly face-to-face banking and financial services which are highly valued and appreciated by our community. During the year we were ably assisted by Rebecca Parsons, Brooke Coleman, Shelli Johanson, Mark Davenport and Lucia Bolger as our great banking team.



# Chairman's report *(continued)*

## **Finance & Audit Committee**

This committee and particularly the Chair, Geoff Sherman, supported by Treasurer, Nikola Sanders, have provided timely and accurate financials on which the Board can base their assessment of business performance. This committee has also been instrumental in managing business finances, regular auditing and supporting the Community Investment Committee in regard to community commitments to enable us to grow the business.

## **Community Investment Committee**

This year the Directors and management team focussed directly on connecting and maintaining contact with all the community entities that have benefited from our grants and sponsorships. We aim to develop stronger relationships with these recipients, ensuring they have a key understanding of the importance of supporting the **Community Bank**<sup>®</sup> branch that in turn supports them in their endeavours.

We have also continued spreading the story of the **Community Bank**<sup>®</sup> model creating greater awareness among the community and through this, improving our business. We have had a strong presence at a wide range of community events in Healesville and have partnered with key business supporters in providing a **Community Bank**<sup>®</sup> branch "Pop Up" in their business premises. Many thanks to Kath Gannaway and her committee for their efforts in this vitally important area of our business.

## **Property Committee**

Our property committee headed by Sandra Schoffer have worked on addressing facilities issues within the branch and importantly continuing to generate further revenues through leasing out the top floor of the building to a long term tenant who has now been operating a business upstairs for the past three years.

## **Business Development Committee**

The Business Development Committee arose from the strategic review. Its charter is to specifically develop and implement activities and events focussed on growing small to medium business customers. This committee, chaired by Bruce Argyle, has developed a number of initiatives that have already proved fruitful for our business growth. It is intended to again hold a Community Movie Night for Shareholders and others in the coming year.

## **Governance & HR Committees**

The Governance & HR Committees continued their work to support and ensure appropriate training for both staff and Directors and responding to requests from shareholders. A Board review and Skills Audit of the Board is currently being completed with the grateful assistance of Greg Whimp.

During the year Directors attended State and Regional Bendigo Bank Conferences, undertook professional development courses in Low Volume Share Trading, Understanding Profit Share, The Effective Board and Marketing. The Directors and staff also participated in a strategic plan review to identify the key partners and chart a growth course for our business.

## **Challenges and opportunities**


The Healesville community understands our banking model and what that means for the community into the future however it remains our challenge to get them to move their banking. The opportunity for us is to make it easier for customers to do business with us. It is also just as important for us that we continue to remain competitive in pricing and continue to develop and deliver innovative and relevant banking products and services. Our newly developed three year strategic plan and Bendigo and Adelaide Bank Limited's support will deliver continued growth from 2018-2020 and we are most encouraged by the significantly increased levels of footings (both deposits and lending) that have occurred over the past two years.

# Chairman's report *(continued)*

Our core focus is to meet the needs and expectations of our customers as they change. Increasing the level of business activity and engagement and thereby deepening our relationship with our customers, is our key point of difference. On behalf of the Board of Directors I would encourage you, our shareholders, to be our ambassadors to the community at large. You can certainly help your community company achieve greater success by encouraging members of your family, friends and acquaintances to bank with us.

We look forward to seeing as many shareholders as possible at our Annual General Meeting which will be conducted at the Healesville RSL at 2.00pm on Saturday 24 November 2018.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'B. L. Argyle', written in a cursive style.

**Bruce Argyle**  
**Chairman**

# Manager's report

For year ending 30 June 2018



The Healesville **Community Bank**<sup>®</sup> Branch has experienced a very exciting year. Finally, we are in profit on a month to month basis. This is an exceptional result in what has been an extremely challenging year. There has been a significant change within our branch structure including my appointment as Branch Manager and the appointment of our Customer Service Officers – Rebecca Parsons to Customer Relations Officer and Shelli Johanson Senior Customer Service Officer respectively. We also welcome back Lucia Bolger as our Customer Service Officer.

The recent Regional Award's Night saw the Healesville **Community Bank**<sup>®</sup> Branch recognised for ensuring that our customer's assets were protected in the event of an unforeseen event – our branch led the way by offering a protection to all customers. The team worked diligently throughout the year to achieve these results.

The branch has soared towards the end of the financial year and it is the team's goal to consistently provide exceptional customer service and continue to be number one advocates in promoting our **Community Bank**<sup>®</sup> brand in a wider, more visible manner.

I would like to take this opportunity to thank the staff for their professionalism and resilience and the Bendigo Bank Yarra Ranges Regional office for their ongoing assistance and support.

I would also like to thank you, the shareholders, for your continuing support which ensures the ongoing success of our **Community Bank**<sup>®</sup> branch, and the Board members for the warm welcome and guidance.

I am looking forward to building a stronger relationship with the Healesville community.

Come and meet me and my team.

A handwritten signature in black ink, appearing to read 'Rosanna Miguel'. The signature is fluid and cursive, with a long horizontal stroke extending to the left.

**Rosanna Miguel**  
**Branch Manager**

# Directors' report

For the financial year ended 30 June 2018

Your directors submit the financial statements of the company for the financial year ended 30 June 2018.

## Directors

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

Bruce Leonard Argyle

Chairman

Occupation: Business/Not For Profit

Qualifications, experience and expertise: Bruce has been CEO/Director of various community/Not-for-profit groups over the past 25 years, member of Australian Charities Not-for-profit Commission (ACNC) Reference Group, Chair Community Sector Banking Social Investment Grants Program, Area Director of Toastmasters, Transition Manager at NDS and Healesville Hospital Action Group. Bruce is also a director of family business (hospitality and vineyard). He holds a Masters (Dispute Resolution), B.Sc. (Hons), DipEd, Dip Business, ACG.

Special responsibilities: Chair of Business Development Committee; HR Committee; Governance Committee

Interest in shares: Nil

Other current directorships: Chase and Tayler Foundation.

Nikola Sanders

Treasurer

Occupation: Registered BAS Agent/Bookkeeper

Qualifications, experience and expertise: Nikola is a director of Your Office Wizards Pty Ltd, and has been the Treasurer for a number of years for HDCEL. She holds a Diploma of Accounting and is a MYOB Certified Consultant. She is the paid bookkeeper for Mooroolbark & District Financial Services, treasurer for Healesville Spinners and Weavers, Secretary for Yarra Valley FM99.1. Member of the Yarra Valley Singers.

Special responsibilities: Treasurer; Finance Committee

Interest in shares: Nil

Gary James Slater

Director

Occupation: Healesville RSL General Manager

Qualifications, experience and expertise: Has a Associate Diploma of Applied Science, is a former Chair of and Committee Member of Healesville Chamber of Commerce, Former President of the Australian Society of Zoo keeping, committee member of Healesville Economy Recovery, Healesville Returned Services League, Healesville Junior Cricket Club. Past chair of Tenkile Conservation Alliance and CBSG monotreme and marsupial conservation advisory group.

Special responsibilities: Chair of HR Committee; Finance Committee.

Interest in shares: 16,003

Sandra Alma Schoffer

Director

Occupation: Retired

Qualifications, experience and expertise: Currently a committee member of the Healesville RSL, Former committee member of the Relay For Life – Cancer Council. Advanced Certificate of Accounting. Employed as a payroll officer and accounts clerk.

Special responsibilities: Chair of Property Committee; Community Investment Committee; Finance Committee; HR Committee

Interest in shares: 50,002



# Directors' report (continued)

## Directors (continued)

Robert James Gannaway

Director

Occupation: Graphic Designer

Qualifications, experience and expertise: Past CFA volunteer firefighter, past vickick coordinator, Cert.2 in Information Technology (Computer Applications). Past Secretary Healesville RSL, Vickick (now Auskick) co-ordinator, member of Badger Creek Old School Building Committee of Management (25 years). Currently the Committee member and Commemorations Officer of the Healesville RSL Sub-Branch and Adjutant, Lilydale SQN. AAL.

Special responsibilities: Website Administrator; Advertising

Interest in shares: 2,004 (*Joint*)

Kathleen Therese Gannaway

Director

Occupation: Journalist

Qualifications, experience and expertise: Journalist with Mail Newspaper Group. Resident of Healesville since 1983.

Previously active volunteer with Gateway Festival, Relay for life, Badger Creek CFA. Past Secretary of Badger Creek Old School Building Committee of Management. President of Healesville Toastmasters 2016-17.

Special responsibilities: Chair of Community Investment Committee and Marketing Committee.

Interest in shares: 2,004 (*Joint*)

Michael Brian Thompson

Director

Occupation: Retail Manager

Qualifications, experience and expertise: Michael has significant experience in the retail sector managing large retail outlets up to \$44 million turnover per annum and teams of up to 130 employees including the management of his own retail business.

Special responsibilities: Business Development Committee; HR Committee.

Interest in shares: 10,000

Geoffrey Allan Sherman

Director

Occupation: Accountant

Qualifications, experience and expertise: Chartered Accountant & Registered Tax Agent with over 10 years experience in both public practice and corporate accountancy, currently running his own accountancy firm. Past experiences include preparation of financial statements for reporting entities and providing accounting and taxation advice to boards of not-for-profit entities and public companies limited by guarantee.

Special responsibilities: Chair of Finance Committee; Business Development Committee

Interest in shares: Nil

# Directors' report (continued)

## Directors (continued)

Jenny Mackinnon

Director

Occupation: Communications consultant

Qualifications, experience and expertise: Jenny currently works in the Victorian public service as a communications and training consultant, she has a background in marketing communications and operational communications in small business as well as experience in innovation and entrepreneurship in medium and large organisations. She has a Bachelor of Arts, Journalism, a Graduate Diploma of Intellectual Property Law and an almost-complete Master of Entrepreneurship and Innovation. She previously owns and operated a startup business in the corporate reporting software space.

Special responsibilities: Business Development Committee

Interest in shares: Nil

Daniel Zemp

Director (*Appointed 20 January 2018*)

Occupation: Integration Aide Healesville High School

Qualifications, experience and expertise: Cartoonist and Arborist BSc, Frontline management, Environmental management and sustainability.

Special responsibilities: CIC, Marketing

Interest in shares:

Helen Maree Wood

Director (*Appointed 20 January 2018*)

Occupation: Management Consultant

Qualifications, experience and expertise: 20 years in local and state government. Helen has operated her own business (TMS Consulting) since 2006 as a management consultant specialising in organisational capability (30-50 staff). She is the Chair and Board Member of the Brisbane Youth Services for 7 years - providing services to homeless and vulnerable youth. Individual areas of specialty are organisational performance, leadership, change management, human dynamics. A very experienced and well regarded facilitator, she has run major engagement forums for state and federal governments, helped executive teams align their strategy and helped organisations through major change. She is the joint owner of Yarra Gables Motel in Healesville and support Tourism industry with facilitation of industry forums etc.

Special responsibilities: Governance Committee - Chair, Business Development Committee

Interest in shares:

Kathleen Ann Holton

Director (*Resigned 3 July 2018*)

Occupation: Team Leader: Wesley Mission Melba Program

Qualifications, experience and expertise: Diploma of teaching - Primary. Graduate Diploma in Student Welfare. Certificate IV in Assessment & Workplace Training. Advanced Diploma Community Services Management. Certificate III in Home and Community Care. Yarra Ranges Council Community Reference Group - Healesville Structure Plan.

Special responsibilities: Community Investment Committee.

Interest in shares: 9,000

# Directors' report (continued)

## Directors (continued)

David Harold Hill

Director (*Resigned 20 January 2018*)

Qualifications, experience and expertise: David has a wealth of experience gained in many years of study and work in the health industry. David completed studies at Muriel Yarrington School of Psychiatric Nursing and Disability Studies at Swinburne University. Has experience as an Indentured Motor mechanic, Civil Works - Asphalt resurfacing and WorkCover/OHS Co-ordinator. David is a former honouree member of the Victoria Public Service Board, former member of the Disciplinary Appeals Tribunal V.P.S, former member Human Services OH&S Co-ordinating Committee and former elected Victorian State Psychiatric Services Representative Committee.

Special responsibilities: Governance Committee; Property Committee.

Interest in shares: 1,000

Walter Calvin Skilton

Former Secretary (*Resigned 20 January 2018*)

Occupation: IT Management Consultant

Qualifications, experience and expertise: Walter is an experienced and professionally qualified Project Manager with over 25 years' experience managing projects and portfolios for small, medium and large businesses. He has qualifications in Project Management and holds a Graduate Certificate in Management, Diploma in Datametrics and Master of Information Technology degree. Walter is currently working as an IT and Business Management Consultant and is a volunteer worker for a local Community Health group. He is a Church Council member, assistant Treasurer and Sunday School Teacher for Healesville Uniting Church. He has previously been School Council President and actively involved with a number of other community groups.

Special responsibilities: Secretary; Chair of Governance Committee

Interest in shares: 3,000

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

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

## Company Secretary

There were two company secretaries for the financial year, Walter Calvin Skilton and Sandra Alma Schoffer.

Walter commenced his role as company secretary in November 2014. Walter is an experienced and professionally qualified Project Manager with over 25 years' experience managing projects and portfolios for small, medium and large businesses. He has qualifications in Project Management and holds a Graduate Certificate in Management, Diploma in Datametrics and Master of Information Technology degree. Walter is currently working as an IT and Business Management Consultant and is a volunteer worker for a local Community Health group.

Sandra Schoffer was appointed to the position of company secretary on 20 January 2018. Sandra is a current committee member of the Healesville RSL, former committee member of the Relay for Life - Cancer Council. Sandra holds an Advanced Certificate of Accounting, and is currently employed as a payroll officer and accounts clerk.

## Principal Activities

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

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

# Directors' report (continued)

## Operating results

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

Year ended 30 June 2018	Year ended 30 June 2017
\$	\$
388,984	(37,364)

## Dividends

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

## Significant changes in the state of affairs

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

## Events since the end of the financial year

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

## Likely developments

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

## Environmental regulation

The company is not subject to any significant environmental regulation.

## Directors' benefits

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

## Indemnification and insurance of directors and officers

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

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

# Directors' report (continued)

## Directors' meetings

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

	Board Meetings Attended	
	<u>Eligible</u>	<u>Attended</u>
Bruce Leonard Argyle	10	10
Nikola Sanders	10	6
Gary James Slater	10	10
Sandra Alma Schoffer	10	9
Robert James Gannaway	10	9
Kathleen Therese Gannaway	10	9
Michael Brian Thompson	10	9
Geoffrey Allan Sherman	10	8
Jenny Mackinnon	10	8
Daniel Zemp ( <i>Appointed 20 January 2018</i> )	5	5
Helen Maree Wood ( <i>Appointed 20 January 2018</i> )	5	4
Kathleen Ann Holton ( <i>Resigned 3 July 2018</i> )	10	10
David Harold Hill ( <i>Resigned 20 January 2018</i> )	5	5
Walter Calvin Skilton ( <i>Resigned 20 January 2018</i> )	5	5

## Proceedings on behalf of the company

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

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

## Non audit services

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

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

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

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

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

Signed in accordance with a resolution of the board of directors at Healesville, Victoria on 25 September 2018.



Nikola Sanders, Treasurer



# Auditor's independence declaration



Chartered Accountants

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

## Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Healesville & District Community Enterprise Limited

As lead auditor for the audit of Healesville & District Community Enterprise Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart  
61 Bull Street, Bendigo Vic 3550  
Dated: 25 September 2018

A handwritten signature in black ink, appearing to read 'David Hutchings'.

David Hutchings  
Lead Auditor

# Financial statements

## Healesville & District Community Enterprise Limited Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	530,259	431,857
Employee benefits expense		(274,828)	(255,131)
Charitable donations, sponsorship, advertising and promotion		(9,630)	(12,806)
Occupancy and associated costs		(69,277)	(66,532)
Systems costs		(31,851)	(31,770)
Depreciation and amortisation expense	5	(21,646)	(25,477)
Finance costs	5	(7,555)	(15,413)
General administration expenses		(56,968)	(62,092)
<b>Profit/(loss) before income tax credit</b>		<b>58,504</b>	<b>(37,364)</b>
Income tax credit	6	330,480	-
<b>Profit/(loss) after income tax credit</b>		<b>388,984</b>	<b>(37,364)</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>388,984</b>	<b>(37,364)</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
Basic earnings per share	22	43.27	(4.16)

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Healesville & District Community Enterprise Limited

### Balance Sheet

as at 30 June 2018

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	4	4
Trade and other receivables	8	48,913	43,599
<b>Total current assets</b>		<b>48,917</b>	<b>43,603</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	125,342	133,439
Intangible assets	10	48,070	61,618
Deferred tax asset	11	330,480	-
<b>Total non-current assets</b>		<b>503,892</b>	<b>195,057</b>
<b>Total assets</b>		<b>552,809</b>	<b>238,660</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	38,385	36,624
Borrowings	13	565,362	612,768
Provisions	14	7,889	10,951
<b>Total current liabilities</b>		<b>611,636</b>	<b>660,343</b>
<b>Non-current liabilities</b>			
Trade and other payables	12	14,912	37,280
Provisions	14	1,903	5,663
<b>Total non-current liabilities</b>		<b>16,815</b>	<b>42,943</b>
<b>Total liabilities</b>		<b>628,451</b>	<b>703,286</b>
<b>Net liabilities</b>		<b>(75,642)</b>	<b>(464,626)</b>
<b>EQUITY</b>			
Issued capital	15	872,080	872,080
Accumulated losses	16	(947,722)	(1,336,706)
<b>Total equity</b>		<b>(75,642)</b>	<b>(464,626)</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Healesville & District Community Enterprise Limited Statement of Changes in Equity for the year ended 30 June 2018

	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2016</b>	872,080	(1,299,342)	(427,262)
Total comprehensive income for the year	-	(37,364)	(37,364)
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2017</b>	<b>872,080</b>	<b>(1,336,706)</b>	<b>(464,626)</b>
<b>Balance at 1 July 2017</b>	872,080	(1,336,706)	(464,626)
Total comprehensive income for the year	-	388,984	388,984
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2018</b>	<b>872,080</b>	<b>(947,722)</b>	<b>(75,642)</b>

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Healesville & District Community Enterprise Limited Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		580,900	466,528
Payments to suppliers and employees		(512,383)	(457,396)
Interest paid		(7,555)	(15,413)
<b>Net cash provided by/(used in) operating activities</b>	17	<b>60,962</b>	<b>(6,281)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(877)
Payments for intangible assets		(13,556)	(6,778)
<b>Net cash used in investing activities</b>		<b>(13,556)</b>	<b>(7,655)</b>
<b>Net increase/(decrease) in cash held</b>		<b>47,406</b>	<b>(13,936)</b>
Cash and cash equivalents at the beginning of the financial year		(612,764)	(598,828)
<b>Cash and cash equivalents at the end of the financial year</b>	7(a)	<b>(565,358)</b>	<b>(612,764)</b>

The accompanying notes form part of these financial statements.



# Notes to the financial statements

For year ended 30 June 2018

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## Note 1. Summary of significant accounting policies

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### a) Basis of preparation

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

#### *Compliance with IFRS*

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

#### *Critical accounting estimates*

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

#### *Historical cost convention*

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

#### *Comparative figures*

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

#### *Application of new and amended accounting standards*

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2017, and are therefore relevant for the current financial year.

AASB 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This accounting standard is not expected to have a material impact on the financial statements.

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This accounting standard is not expected to have a material impact on the financial statements.

None of these amendments to accounting standards issued by the AASB materially affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

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

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2017. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

# Notes to the financial statements (continued)

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

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### a) Basis of preparation (continued)

#### *Application of new and amended accounting standards (continued)*

The company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the company's borrowing rate at 1 January 2019, the composition of the lease portfolio at that date, the latest assessment of whether the company will exercise any lease renewal options and the extent to which the company chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the company will recognise new assets and liabilities for its operating lease of its branch. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating leases amount to \$121,395, on an undiscounted basis (see Note 18).

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

#### *Economic dependency - Bendigo and Adelaide Bank Limited*

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Healesville, Victoria.

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

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

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

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

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

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

# Notes to the financial statements (continued)

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

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### b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

#### *Revenue calculation*

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

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

#### *Core banking products*

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

#### *Margin*

Margin is arrived at through the following calculation:

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

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

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

#### *Commission*

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

#### *Fee income*

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

#### *Discretionary financial contributions*

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

# Notes to the financial statements (continued)

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

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### b) Revenue (continued)

#### *Discretionary financial contributions (continued)*

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

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

#### *Ability to change financial return*

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

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

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

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

#### *Monitoring and changing financial return*

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

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

### c) Income tax

#### *Current tax*

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

#### *Deferred tax*

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

# Notes to the financial statements (continued)

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

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### c) Income tax (continued)

#### *Deferred tax (continued)*

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

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

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

#### *Current and deferred tax for the period*

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

### d) Employee entitlements

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

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

### e) Cash and cash equivalents

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

### f) Trade receivables and payables

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



# Notes to the financial statements (continued)

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

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### g) Property, plant and equipment

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

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

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

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

### h) Intangibles

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

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

### i) Payment terms

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

### j) Borrowings

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

### k) Financial instruments

#### *Recognition and initial measurement*

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

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

#### *Derecognition*

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

# Notes to the financial statements (continued)

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

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### k) Financial instruments (continued)

#### *Classification and subsequent measurement*

##### *(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

##### *(ii) Financial liabilities*

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

#### *Impairment*

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### l) Leases

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

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

### m) Provisions

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

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

### n) Issued capital

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

### o) Earnings per share

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

# Notes to the financial statements (continued)

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

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### p) Goods and Services Tax

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

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

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

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## Note 2. Financial risk management

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

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

### (i) Market risk

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

### (ii) Price risk

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

### (iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

### (iv) Liquidity risk

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

### (v) Cash flow and fair value interest rate risk

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

### (vi) Capital management

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

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

# Notes to the financial statements (continued)

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## Note 2. Financial risk management (continued)

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### (vi) Capital management (continued)

The distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2018 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

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## Note 3. Critical accounting estimates and judgements

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

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

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

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

### *Taxation*

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

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

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

### *Estimation of useful lives of assets*

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

# Notes to the financial statements (continued)

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

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

### Impairment of assets

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

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

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

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

Note 4. Revenue from ordinary activities	2018	2017
	\$	\$
Operating activities:		
- gross margin	387,949	307,680
- services commissions	44,544	30,014
- fee income	42,082	38,788
- market development fund	37,500	37,500
Total revenue from operating activities	512,075	413,982
Non-operating activities:		
- rental revenue	17,640	16,977
- other revenue	544	898
Total revenue from non-operating activities	18,184	17,875
Total revenues from ordinary activities	530,259	431,857



# Notes to the financial statements (continued)

Note 5.	Expenses	2018	2017
		\$	\$
	Depreciation of non-current assets:		
	- plant and equipment	1,159	2,006
	- leasehold improvements	6,938	9,922
	Amortisation of non-current assets:		
	- franchise agreement	2,258	2,258
	- franchise renewal fee	11,291	11,291
		<u>21,646</u>	<u>25,477</u>
	Finance costs:		
	- interest paid	<u>7,555</u>	<u>15,413</u>
	Bad debts	<u>233</u>	<u>290</u>

## Note 6. Income tax expense/(credit)

The components of tax expense/(credit) comprise:

- Future income tax benefit attributable to losses	-	(10,768)
- Movement in deferred tax	2,138	493
- Recoupment of prior year tax losses	13,951	-
- Future income tax benefit not brought to account	(346,569)	10,275
	<u>(330,480)</u>	<u>-</u>

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense/(credit) as follows

Operating profit/(loss)	58,504	(37,364)
Prima facie tax on profit/(loss) from ordinary activities at 27.5% (2017: 27.5%)	16,089	(10,275)
Add tax effect of:		
- timing difference expenses	(2,138)	(493)
	<u>13,951</u>	<u>(10,768)</u>
Movement in deferred tax	2,138	493
Future income tax benefit not brought to account	(346,569)	10,275
	<u>(330,480)</u>	<u>-</u>

Income tax losses

Future income tax benefits arising from tax losses are not recognised at reporting date as a realisation of the benefit is not regarded as probable. Future income tax benefit carried forward is:

-	(346,569)
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# Notes to the financial statements (continued)

Note 7.	Cash and cash equivalents	Notes	2018 \$	2017 \$
	Cash at bank and on hand		4	4
			<u>4</u>	<u>4</u>

## Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand		4	4
Bank overdraft	13	(565,362)	(612,768)
		<u>(565,358)</u>	<u>(612,764)</u>

## Note 8. Trade and other receivables

Trade receivables	39,526	33,892
Prepayments	5,632	5,949
Other receivables and accruals	3,755	3,758
	<u>48,913</u>	<u>43,599</u>

## Note 9. Property, plant and equipment

Leasehold improvements		
At cost	195,563	195,563
Less accumulated depreciation	(76,684)	(69,746)
	<u>118,879</u>	<u>125,817</u>
Plant and equipment		
At cost	38,012	38,012
Less accumulated depreciation	(31,549)	(30,390)
	<u>6,463</u>	<u>7,622</u>
Total written down amount	<u>125,342</u>	<u>133,439</u>

# Notes to the financial statements (continued)

Note 9. Property, plant and equipment (continued)	2018	2017
	\$	\$
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	125,817	135,739
Less: depreciation expense	(6,938)	(9,922)
Carrying amount at end	<u>118,879</u>	<u>125,817</u>
Plant and equipment		
Carrying amount at beginning	7,622	8,751
Additions	-	877
Less: depreciation expense	(1,159)	(2,006)
Carrying amount at end	<u>6,463</u>	<u>7,622</u>
Total written down amount	<u><u>125,342</u></u>	<u><u>133,439</u></u>

## Note 10. Intangible assets

Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
Franchise fee		
At cost	21,297	21,297
Less: accumulated amortisation	(15,345)	(13,087)
	<u>5,952</u>	<u>8,210</u>
Renewal processing fee		
At cost	56,484	56,484
Less: accumulated amortisation	(26,726)	(15,436)
	<u>29,758</u>	<u>41,048</u>
Redomicile fee at cost	<u>12,360</u>	<u>12,360</u>
Total written down amount	<u><u>48,070</u></u>	<u><u>61,618</u></u>

# Notes to the financial statements (continued)

Note 11. Tax	2018	2017
	\$	\$
<b>Non-Current:</b>		
Deferred tax assets		
- accruals	970	-
- employee provisions	2,693	-
- tax losses carried forward	331,214	-
	<u>334,877</u>	<u>-</u>
Deferred tax liability		
- property plant and equipment	4,397	-
	<u>4,397</u>	<u>-</u>
Net deferred tax asset	<u>330,480</u>	<u>-</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(330,480)</u>	<u>-</u>

## Note 12. Trade and other payables

### Current:

Trade creditors	2,707	1,167
Other creditors and accruals	35,678	35,457
	<u>38,385</u>	<u>36,624</u>

### Non-Current:

Other creditors and accruals	<u>14,912</u>	<u>37,280</u>
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## Note 13. Borrowings

### Current:

Bank overdrafts	<u>565,362</u>	<u>612,768</u>
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The Bendigo Bank Business Solutions overdraft facility limit is \$650,000. The annual percentage interest rate on the overdraft facility is 4.03%. The overdraft is secured by fixed and floating charge over the company's assets.

# Notes to the financial statements (continued)

Note 14. Provisions	2018	2017
	\$	\$
<b>Current:</b>		
Provision for annual leave	<u>7,889</u>	<u>10,951</u>
<b>Non-Current:</b>		
Provision for long service leave	<u>1,903</u>	<u>5,663</u>

## Note 15. Issued capital

899,026 ordinary shares fully paid (2017: 899,026)	899,026	899,026
Less: equity raising expenses	(26,946)	(26,946)
	<u>872,080</u>	<u>872,080</u>

### Rights attached to shares

#### (a) Voting rights

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

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

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

#### (b) Dividends

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

#### (c) Transfer

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

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

# Notes to the financial statements (continued)

## Note 15. Issued capital (continued)

### Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 259. As at the date of this report, the company had 284 shareholders.

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

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

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

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

Note 16. Accumulated losses	2018	2017
	\$	\$
Balance at the beginning of the financial year	(1,336,706)	(1,299,342)
Net profit/(loss) from ordinary activities after income tax	388,984	(37,364)
Balance at the end of the financial year	<u>(947,722)</u>	<u>(1,336,706)</u>



# Notes to the financial statements (continued)

## Note 17. Statement of cash flows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit/(loss) from ordinary activities after income tax	388,984	(37,364)
Non cash items:		
- depreciation	8,097	11,928
- amortisation	13,549	13,549
Changes in assets and liabilities:		
- increase in receivables	(5,314)	(358)
- (increase)/decrease in other assets	(330,480)	-
- increase/(decrease) in payables	(7,052)	6,264
- decrease in provisions	(6,822)	(300)
Net cash flows provided by/(used in) operating activities	<u>60,962</u>	<u>(6,281)</u>

## Note 18. Leases

Operating lease commitments

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

Payable - minimum lease payments:

- not later than 12 months	53,953	51,878
- between 12 months and 5 years	67,442	116,726
	<u>121,395</u>	<u>168,604</u>

The business lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The current lease expires on 30 September 2020 with the option of another five year term.

## Note 19. Auditor's remuneration

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

- audit and review services	4,400	4,200
- non audit services	1,615	1,915
	<u>6,015</u>	<u>6,115</u>

# Notes to the financial statements (continued)

## Note 20. Director and related party disclosures

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

Bruce Leonard Argyle  
 Nikola Sanders  
 Gary James Slater  
 Sandra Alma Schoffer  
 Robert James Gannaway  
 Kathleen Therese Gannaway  
 Michael Brian Thompson  
 Geoffrey Allan Sherman  
 Jenny Mackinnon  
 Daniel Zemp (*Appointed 20 January 2018*)  
 Helen Maree Wood (*Appointed 20 January 2018*)  
 Kathleen Ann Holton (*Resigned 3 July 2018*)  
 David Harold Hill (*Resigned 20 January 2018*)  
 Walter Calvin Skilton (*Resigned 20 January 2018*)

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

Directors Shareholdings	2018	2017
Bruce Leonard Argyle	-	-
Nikola Sanders	-	-
Gary James Slater	16,503	16,503
Sandra Alma Schoffer	50,002	50,002
Robert James Gannaway	2,004	2,004
Kathleen Therese Gannaway	2,004	2,004
Michael Brian Thompson	10,000	10,000
Geoffrey Allan Sherman	-	-
Jenny Mackinnon	-	-
Daniel Zemp ( <i>Appointed 20 January 2018</i> )	-	-
Helen Maree Wood ( <i>Appointed 20 January 2018</i> )	-	-
Kathleen Ann Holton ( <i>Resigned 3 July 2018</i> )	9,000	9,000
David Harold Hill ( <i>Resigned 20 January 2018</i> )	1,000	1,000
Walter Calvin Skilton ( <i>Resigned 20 January 2018</i> )	3,000	3,000

# Robert and Kathleen Gannaway own 1,002 shares each

There was no movement in directors shareholdings during the year.

# Notes to the financial statements (continued)

## Note 21. Key management personnel disclosures

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

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

Note 22. Earnings per share	2018	2017
	\$	\$
(a) Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	388,984	(37,364)
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	899,026	899,026

## Note 23. Events occurring after the reporting date

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

## Note 24. Contingent liabilities and contingent assets

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

## Note 25. Segment reporting

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

## Note 26. Registered office/Principal place of business

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

Registered Office  
205 Maroondah Highway  
HEALESVILLE VIC 3777

Principal Place of Business  
205 Maroondah Highway  
HEALESVILLE VIC 3777

# Notes to the financial statements (continued)

## Note 27. Financial instruments

### Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	-	-	-	-	-	-	-	-	4	4	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	39,526	33,892	N/A	N/A
Financial liabilities												
Interest bearing liabilities	565,362	612,768	-	-	-	-	-	-	-	-	1.27	2.55
Payables	-	-	-	-	-	-	-	-	2,707	1,167	N/A	N/A

### Net Fair Values

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

### Credit Risk

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

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

### Interest Rate Risk

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

### Sensitivity Analysis

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

As at 30 June 2018, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2018	2017
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	(5,654)	(6,128)
Decrease in interest rate by 1%	5,654	6,128
Change in equity		
Increase in interest rate by 1%	(5,654)	(6,128)
Decrease in interest rate by 1%	5,654	6,128

# Directors' declaration

In accordance with a resolution of the directors of Healesville & District Community Enterprise Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Nikola Sanders, Treasurer

Signed on the 25th of September 2018.

# Independent audit report



## Independent auditor's report to the members of Healesville & District Community Enterprise Limited

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial report of Healesville & District Community Enterprise 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 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

#### What we have audited

Healesville & District Community Enterprise Limited's (the company) financial report comprises the:

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

#### Basis for opinion

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

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

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

#### Other information

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



# Independent audit report (continued)

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

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

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

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

## **Directors' responsibility for the financial report**

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

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

## **Auditor's responsibility for the audit of the financial report**

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

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated: 25 September 2018



**David Hutchings**  
Lead Auditor

Healesville **Community Bank**<sup>®</sup> Branch  
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