ANNUAL REPORT

2018

Bendigo Bank
Bigger than a bank.

Heyfield & District **Community Bank**®
Branch

VISION STATEMENT

To work with our community to develop and improve the district.

MISSION STATEMENT

To develop the strength of the **Community Bank**® and provide support to the district.

STATEMENT OF VALUES

We aim to work with our community, to develop and improve the district.

We value our customers, and through our strong partnership with Bendigo Bank, will ensure a banking presence remains and expands within the community.

We value our shareholders and will ensure their Investment in the company is safeguarded and rewarded.

We value our staff and will ensure they have the opportunity to develop to their full potential.

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A word from our Chair

On behalf of the board I am pleased to present the Annual Report for the 2017-2018 financial year.

As at 30th June 2018, the Company has posted an annual operating profit of $59,069. This is a positive financial result that illustrates consolidation on the performance last financial year. In view of this financial result the Board has approved an increase to last year's dividend for our shareholders.

It has been a year of continued hard work and budget restraint as we have tightly managed operating expenses and built steady growth in the business.
I am pleased to report the financial health of the Company is continuously improving with an optimistic and positive trajectory in line with the Board's objectives.

The members of the Board and Community Bank® staff continue to work hard to achieve this result. Board members are all committed volunteers, who continue the momentum to drive long-term, sustainable growth and profitability.

We again have achieved a profitable position resulting in making serious investments in our community and rewarding our shareholders with dividends. We continue in consolidating and building on that position. We are in a position to provide support to our community and districts' clubs and schools either in the form of grants or sponsorships.

Again, we have also provided an annual scholarship to financially assist a student in tertiary education.

During this period, Directors Keith Borthwick, who had been a Steering committee member and Matthew Vaux both resigned due to work commitments. Both had been valuable members on the Board during their tenure.

In turn we welcomed Kelly Anderson and in transition Troy Underwood.

I take this opportunity to thank all the members of the Board who are showing great leadership, and doing great work, in their committees.

We also welcome Traci Grogan as the Company Administration Assistant to the Board. Traci has replaced Chris Thomas whose performance was outstanding. Chris' advice and counsel to the Board during her tenure of nine years has been invaluable. The Board and branch members wish Chris and her husband Gary the best in retirement.

My particular thanks go to our team branch members who performed without a Manager in the latter months of the year, during this period they remained cheerful and their positive attitude reflected in our financial success.

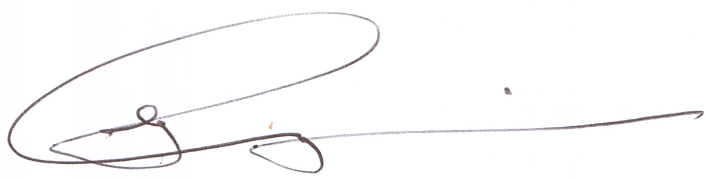
Prior to the end of the financial year we were able to announce the appointment of a new Branch Manager in Sean Kennedy who has extensive banking experience.

As always, our key message is that the more our Heyfield & District Community Bank® Branch grows, the more funds we have at our disposal to re-invest back into the community through club sponsorships, grants and community initiatives.

I encourage you to bring and drive business to our Heyfield & District Community Bank® Branch. Recommend us to your family and friends. If you are not currently one of our customers, we would love to know why. You can help us spread the word that local banking keeps our communities strong, financially resilient, and prosperous.

Thank you for your ongoing support.

Greg MacKenzie
Chairman



Meet Our Board

GREG MACKENZIE - CHAIRMAN AND AUDIT COMMITTEE MEMBER

Qualifications: Associated Diploma of Engineering in Aircraft systems Maintenance (1975); Advanced Certificate in Aircraft Maintenance (Airframe & Engines) (1975); Associated Diploma in Management;(1991) Certificate in Security & Personal Administration (1991); Certificate in Public Administration (1995): Victoria Police Investigators Course (1991); Victoria Police Inspectors Graduation Qualification (1998); Professional Contract Management - Chifley Business School (2007); Senior Leaders Qualification - Mt Eliza Business School (2007).

Experience: Retired officer of the Royal Australian Navy (37.5 years), executive officer in Australian Public Service (13 years), former Western Port College Committee member, past President and Secretary of the Heyfield Lions Club, President of the Heyfield RSL, Executive committee member of Volunteer Fire Brigades Victoria and Secretary/ First Lieutenant of the Heyfield Fire Brigade.

EMMA BIRCHALL - COMPANY SECRETARY

Qualifications: BSC (Hons); Anthropology & Communications – Brunel University UK (1999) Diploma in Community Welfare Work – Holmsglen TAFE (2011).

Experience: Emma is an anthropologist and has experience in Financial Service Risk & Management, Program Management in the not-for-profit sector and Business Management in State Government.

DAVID WADEY - TREASURER AND AUDIT COMMITTEE MEMBER

Qualifications: Certificate IV Property (Real Estate Practice)

Experience: David is branch manager of Gippsland Real Estate. Past President of the Heyfield Lions Club, secretary of the Heyfield CFA Fire Brigade and secretary of the Heyfield Australia Day Committee. Special Responsibilities: Treasurer and member of the audit committee.

KENNETH NOBLE - VICE PRESIDENT

Qualifications: Certificate IV Rural Management Services.

Experience: Kenneth has more than 20 years service in senior positions in the Heyfield Lions Club and the Heyfield Apex Club.

MATTHEW VAUX - DIRECTOR - Resigned 2017

Qualifications: Diploma of Management.

Experience: A member of the Rosedale Chamber of Commerce, Previous Mayor of the Wellington Youth Council, member of the Rosedale Community Representatives Group and a member of the Rosedale Newsletter.

KEITH BORTHWICK - AUDIT COMMITTEE MEMBER

Qualifications: RMIT Articled Clerks Course 1976.

Experience: Solicitor for 35 years. He is a current director of Heyfield Property Developments and Malbeq Pty Ltd, and a former Director of Torrens Limited.

THOMAS CROSBIE - DIRECTOR

Experience: Heyfield's Young Citizen of the Year in 2014 and Wellington Shire's Young Citizen of the Year 2018 for work with computer donations in Gippsland and numerous volunteer positions. Operates a local information technology business in Heyfield.

KELLY ANDERSON - DIRECTOR

Qualifications: Bachelor of Applied Science –Events & Hospitality Management - RMIT
University Degree (2002); Advanced Diploma in Hospitality Management - William Angliss Institute
(2000).
Experience: Marketing and Communications Specialist, Event Management, Marketing, Consultant.
Director and Designer of Lekkel & Co

TROY UNDERWOOD - DIRECTOR

Qualified Signwriter : Completed 4 year apprenticeship at Western Metropolitan College of Tafe 30/9/1994.
started Heyfield Signs 1/07/1996 – current
Member Heyfield CFA 2001 to 2016.
President Heyfield Tennis Club for 4 years

CHRISTINE THOMAS - ADMINISTRATION - June 2018

Qualifications - Cert IV in Frontline Management and Cert III Information Technology

Administration Assistant at Heyfield & District Financial Services for 9 years. Extensive knowledge in Administration Services to the Board of Directors, retired June 2018.
Chris' time assisting the board with day to day operations has been invauable over the years.

REBECCA BOURKE - ADMINISTRATION - August 2018

Heyfield & Districts Financial Services for 13 months, job shared with Christine Thomas providing, Marketing and Administration Services to the Board of Directors,
Resigned 1st August 2018 to pursue other opportunities.

Community Bank® Company Annual Reports Message from Bendigo and Adelaide Bank 2018

It's been 20 years since the doors to the first **Community Bank®** branch opened. And it has only been a few months since the latest, the 321st, **Community Bank®** branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank®** branch to the most recent one, and the 319 in between.

This year, five of our Community Bank branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank®** branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank®** funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over $200 million in **Community Bank®** contributions, all because of people banking with their local **Community Bank®** branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank®** network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only *'community bank',* recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank®** company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank®** company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank®** branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank®** branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.

Robert Musgrove
Bendigo and Adelaide Bank

A word from our Manager

On behalf of the banking team at the Heyfield & District Community Bank Branch, I am pleased to present the Branch Managers report for the financial year ended 30 June 2018.

On the personnel front, this year we farewelled Scott McNicol after 8 years of service as our Branch Manager and Ray Jeffs after 18 months in the customer service officer role. I wish to express my gratitude and thanks to both Scott and Ray for the roles they played in our branches successful history.

We welcomed Ingrid Komen to the team in November 2017 as our new Customer Service Officer. Ingrid joined us having previously been employed in a similar role at the Bendigo Bank Maffra and District Community Bank® Branch.

Sean Kennedy assumed the vacant Branch Managers position on the 6th June 2018 previously having been employed in various senior business banking roles with the National Australia Bank throughout the wider Gippsland region.
The branch banking team are to be commended on the manner in which they maintained a seamless operation while the relevant staff changes occurred.
The Heyfield and District Community Bank® Branch continues to run a strong and viable banking operation.

While our lending portfolio remained relatively flat during the past 12 months, I note that we had a net increase in deposit accounts of 107 which also contributed to a 20% spike in our deposit base.
This is a trend we hope to continue to build on with the recent closure of the National Australia Bank Heyfield branch leaving our Community Bank® Branch as the sole full-service branch remaining open in Heyfield.

The community continues to be at the forefront of our thinking and we are proud of the fact that up to 80 % of the Community Banks® profit share is returned to the community in the form of sponsorships and grants. Key beneficiaries this year included the Rosedale Recreation Reserve restoration of their Grandstand, Cowwarr football netball Club, Heyfield Traders & Tourism Association RV Park upgrade.
The ability of the Heyfield and District Community Bank® Branch to continue to make such funding available is of course contingent upon the communities

We welcome the opportunity to deepen banking relationships with our existing customers and to develop many new relationships. If you are happy with our service, please don’t hesitate to refer fellow family, friends or business associates. The best form of thank you is the referral of a new opportunity.

Equally, if you think we can do better, please don’t hesitate to share your feedback with us. I genuinely consider feedback as a gift and a catalyst for continual improvement.

Thank you to the Heyfield & District Community Bank® Financial Services Board and particularly the Executive team who put in many tireless hours helping your Community Bank® branch be the success that it is.

I am excited about the year ahead. We have commenced making some cosmetic changes to the look and feel of our branch with some refreshed signage and are presently reviewing our digital media prescence.

We will shortly move to a 9.30am opening which will provide really important space for our team to complete training and further improve their banking skills. All of this to enhance our customer experience.

I look forward to meeting all of our customers over the course of the next 12 months and thank everyone for their warm welcome to Heyfield.

Sean Kennedy
Branch Manager

Meet Our Staff

SEAN KENNEDY - BRANCH MANAGER

Sean came to our Community Bank® family in June 2018 with an extensive banking history of over 20 years.
Sean brings a wealth of knowledge, a friendly, approachable manner and his banking expertise to assist the Heyfield Community Bank® and it's customers with their needs. Sean has enjoyed getting to know the community of Heyfield and has become a worthwhile addition to the team.

KAT GOURLEY - CUSTOMER RELATIONSHIP OFFICER

Kat has been working for the Bendigo Bank for 8 years and joined us here at Heyfield 2 years ago. Prior to this, Kat worked at Traralgon Branch and the Trafalgar & District Community Bank® Branch. Kat loves working in the Community banking environment and enjoys seeing all the work done in the Branch which helps local community group's grow, strengthen and achieve goals.

KYLIE DOLE - CUSTOMER SERVICE OFFICER

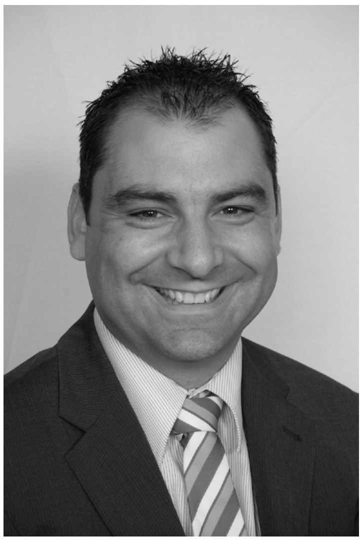
Kylie has been working for Heyfield & District Community Bank® Branch for 3 1/2 years. Prior to this, Kylie previously worked in management positions in Retail and Visual Merchandising. Kylie enjoys working for the Community Bank® for the day to day interactions with all our local customers and the opportunities banking with us creates. Kylie has been an integral part of our social media presence.

INGRID KOMEN -CUSTOMER SERVICE OFFICER

Ingrid transfered to Heyfield over 12 months ago, having previously worked at Maffra Community Bank® Branch for over 18 months. Ingrid is passionate and dedicated to the Heyfield Community. Ingrid is involved with many sporting and Community groups in town. Ingrid recently organised a sausage sizzle in aid of the Lions Club Need for Feed fundraiser and is currently working on Vic Health Walk to School initiative.

Branch Manager **Sean Kennedy**, Customer Service Officer **Ingrid Komen**, Customer Service Officer **Kylie Dole** , Customer Relationship Officer **Kat Gourley**.

Kylie & Ingrid Cooking up a storm at the recent BBQ in Heyfield for the Lions Club Need for Feed Project.



Scott McNicol
Former Heyfield Branch Manager
Till Feb 2018

Heyfield & District Community Financial Services Ltd

ABN 96 094 854 949

Financial Statements

For the Year Ended 30 June 2018

Heyfield & District Community Financial Services Ltd

ABN 96 094 854 949

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For the Year Ended 30 June 2018

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Directors' Report

For the Year Ended 30 June 2018

The directors present their report on Heyfield & District Community Financial Services Ltd for the financial year ended 30 June 2018.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Gregor Mackenzie

Qualifications: Associate Diploma of Engineering in Aircraft Systems Maintenance (1975); Advanced Certificate in Aircraft Maintenance (Airframe & Engines) (1975); Associate Diploma in Management (1991); Certificate in Security & Personal Administration (1991); Certificate in Public Administriation (1995); Victoria Police Investigators Course (1991); Victoria Police Inspectors Graduation Qualification (1998); Professional Contract Management - Chifley Business School (2007); Senior Leaders Qualification - Mt Eliza Business School (2007).

Experience: Retired officer of the Royal Australian Navy (37.5 years), executive officer in Australian Public Service (13 years), former Western Port College Committee member, past President and Secretary of the Heyfield Lions Club, President of the Heyfield RSL, Executive committee member of Volunteer Fire Brigades Victoria and Secretary/First Lieutenant of the Heyfield Fire Brigade.

Special Responsibilities: Chairperson and member of the audit committee.

Kelly Anderson

Qualifications: Bachelor of Applied Science – Events & Hospitality Management - RMIT University Degree (2002); Advanced Diploma in Hospitality Management - William Angliss Institute (2000).

Experience: Marketing and Communications Specialist, Event Management, Marketing Consultant. Kelly is also a Director and designer at Lekkel & Co Pty Ltd.

Elected 16 November 2017

Emma Birchall

Qualifications: BSC (Hons) Anthropology & Communications - Brunel University UK (1999); Diploma in Community Welfare Work - Holmsglen Tafe (2011).

Experience: Emma is an anthropologist and has experience in Financial Service Risk & Management and Program Management in the not-for-profit sector and Business Management in State Government.

Special Resonsibilities: Secretary

Keith Borthwick

Qualifications: RMIT Articled Clerks Course (1976).

Experience: Keith has been a solicitor for 35 years. He is a current director of Heyfield Property Developments and Malbeq Pty Ltd and a former director of Torrens Limited.

Special Responsibilities: Member of the audit committee.

Retired 16 November 2017

Thomas Crosbie

Qualifications: Thomas was awarded Heyfield's Young Citizen of the Year in 2014 for work with Computer Donations for Gippsland.

Experience: Thomas works in the information technology industry.

Kenneth Noble

Qualifications: Certificate IV Rural Management Services.

Experience: Kenneth has more than 20 years service in senior positions in the Heyfield Lions Club and the Heyfield Apex Club.

Special Responsibilities: Vice Chairperson.

Troy Underwood

Qualifications: Apprenticeship in Sign Writing - Western Metropolitan College of TAFE (1994).

Experience: Troy has 27 years experience as a sign writer and is owner/operator of Heyfield Signs, Heyfield. Volunteer member of Heyfield CFA for 15 years and supporter of various sporting groups in Heyfield**.**

Appointed 21 August 2018

Directors' Report (Continued)
For the Year Ended 30 June 2018

Matthew Vaux

Qualifications: Diploma of Management

Experience: Matthew is a member of the Rosedale Chamber of Commerce, previous Mayor of the Wellington Youth Council, member of the Rosedale Community Representatives Group and a member of the Rosedale Newsletter.

Retired 16 November 2017

David Wadey

Qualifications: Certificate IV Property (Real Estate Practice)

Experience: David is branch manager of Gippsland Real Estate. David is a past president of the Heyfield Lions Club and is President of the Heyfield Australia Day Committee.

Special Responsibilities: Treasurer and member of the audit committee.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

During the financial year, 11 meetings of directors (excluding committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Gregor Mackenzie	11	10
Kelly Anderson	9	6
Emma Birchall	11	8
Keith Borthwick	4	3
Thomas Crosbie	11	10
Kenneth Noble	11	8
Troy Underwood	-	-
Matthew Vaux	4	2
David Wadey	11	10

Company secretary

The secretary of the Company at the end of the financial year was Emma Birchall who has been in the position since 24 November 2016.

Principal activities

The principal activities of Heyfield & District Community Financial Services Ltd during the financial year were to provide **Community Bank®** branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

Operating results have continued to perform in line with the expectations of the board. The profit of the Company after providing for income tax amounted to $59,069 (2017: $32,363).

Dividends paid or recommended

A fully franked dividend of 4 cents per share totalling $18,000 was paid during the year.

Directors' Report (Continued)
For the Year Ended 30 June 2018

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which 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 financial years.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

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

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

The company has not provided an indemnity or insurance for an Auditor of the Company.

Proceedings on behalf of company

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

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2018 has been received and can be found on page 4 of the financial report. No officer of the Company is or has been a partner or director of the Auditor of the Company.

Signed in accordance with a resolution of the Board of Directors:

Director: ....
David Wadey

Director: ....
Emma Birchall

Dated: 25 September 2018

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

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

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Heyfield & District Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have been no contraventions of:

(i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the audit; and
(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

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

Dated: 26 September 2018

Heyfield & District Community Financial Services Ltd

ABN 96 094 854 949

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
Revenue	3	**681,162**	660,728
Depreciation and amortisation expense	4(a)	**(41,007)**	(47,223)
Employment expenses	4(b)	**(344,516)**	(342,180)
Interest paid	4(c)	**(786)**	(1,472)
Operating expenses		**(165,168)**	(177,537)
Operating profit before charitable donations and sponsorships		**129,685**	92,316
Charitable donations and sponsorships	4(d)	**(47,238)**	(47,679)
Profit before income tax		**82,447**	44,637
Income tax expense	6(a)	**(23,378)**	(12,274)
Profit for the year		**59,069**	32,363
Other comprehensive income, net of income tax			
Net loss on revaluation of land and buildings	6(c)	**-**	(7,574)
Total comprehensive income for the year		**59,069**	24,789
Profit attributable to members of the company		**59,069**	32,363
Total comprehensive income attributable to members of the company		**59,069**	24,789
Earnings per share attributable to members of the company			
Basic earnings per share (cents per share)	18	**13.12**	7.19

The accompanying notes form part of these financial statements.

Statement of Financial Position

As At 30 June 2018

	Note	2018 $	2017 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	**90,027**	56,833
Trade and other receivables	8	**60,546**	61,092
Financial assets	9	**122,852**	120,143
Other assets		**-**	166
TOTAL CURRENT ASSETS		**273,425**	238,234
NON-CURRENT ASSETS			
Property, plant and equipment	10	**489,968**	507,203
Intangible assets	11	**34,157**	43,767
TOTAL NON-CURRENT ASSETS		**524,125**	550,970
TOTAL ASSETS		**797,550**	789,204
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	**46,350**	42,749
Borrowings	13	**-**	24,476
Current tax liabilities	14	**3,762**	5,508
Employee benefits	15	**4,381**	24,578
TOTAL CURRENT LIABILITIES		**54,493**	97,311
NON-CURRENT LIABILITIES			
Deferred tax liabilities	14	**31,676**	22,268
Employee benefits	15	**3,220**	2,533
TOTAL NON-CURRENT LIABILITIES		**34,896**	24,801
TOTAL LIABILITIES		**89,389**	122,112
NET ASSETS		**708,161**	667,092
EQUITY			
Issued capital	16	**450,009**	450,009
Reserves		**112,708**	112,708
Retained earnings		**145,444**	104,375
TOTAL EQUITY		**708,161**	667,092

The accompanying notes form part of these financial statements.

Heyfield & District Community Financial Services Ltd

ABN 96 094 854 949

Statement of Changes in Equity

For the Year Ended 30 June 2018

2018

	Note	Ordinary Shares $	Retained Earnings $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2017		**450,009**	**104,375**	**112,708**	**667,092**
Profit attributable to members of the company		**-**	**59,069**	**-**	**59,069**
Dividends paid or provided for	17	**-**	**(18,000)**	**-**	**(18,000)**
Balance at 30 June 2018		**450,009**	**145,444**	**112,708**	**708,161**

2017

	Note	Ordinary Shares $	Retained Earnings $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2016		450,009	90,012	120,282	660,303
Profit attributable to members of the company		-	32,363	-	32,363
Total other comprehensive income for the year		-	-	(7,574)	(7,574)
Dividends provided for or paid	17	-	(18,000)	-	(18,000)
Balance at 30 June 2017		450,009	104,375	112,708	667,092

The accompanying notes form part of these financial statements.

Heyfield & District Community Financial Services Ltd

ABN 96 094 854 949

Statement of Cash Flows

For the Year Ended 30 June 2018

	Note	2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**744,882**	715,123
Payments to suppliers and employees		**(640,656)**	(614,740)
Interest received		**2,738**	1,999
Interest paid		**(786)**	(1,472)
Income taxes paid		**(15,716)**	(17,071)
Net cash provided by operating activities	22	**90,462**	83,839
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments		**(2,709)**	(51,990)
Purchase of property, plant and equipment		**(32,233)**	(2,851)
Purchase of intangible assets		**(1,988)**	-
Proceeds from sale of non-current assets		**21,818**	-
Net cash used by investing activities		**(15,112)**	(54,841)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of borrowings		**(24,476)**	(9,636)
Dividends paid		**(17,680)**	(17,900)
Net cash used by financing activities		**(42,156)**	(27,536)
Net increase in cash and cash equivalents held		**33,194**	1,462
Cash and cash equivalents at beginning of year		**56,833**	55,371
Cash and cash equivalents at end of financial year	7	**90,027**	56,833

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2018

The financial report covers Heyfield & District Community Financial Services Ltd as an individual entity. Heyfield & District Community Financial Services Ltd is a public Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Heyfield & District Community Financial Services Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 27 September 2018.

Basis of Preparation

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

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

1 Summary of Significant Accounting Policies

(a) Economic dependence

Heyfield & District Community Financial Services Ltd is dependent on the Bendigo and Adelaide Bank Limited for the majority of its revenue used to operate the business.

The Company entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management and operations of the **Community Bank®** branch at Heyfield. The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name 'Bendigo Bank', the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The Company manages the **Community Bank®** 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 provided are products of Bendigo and Adelaide Bank Limited, with the Company facilitating the provision of those products to the customer. 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 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 provided to customers are products of Bendigo and Adelaide Bank Limited.

1 Summary of Significant Accounting Policies (continued)

(a) Economic dependence (continued)

Bendigo and Adelaide Bank Limited provides significant assistance in 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 assistance and advice in relation to:

- Design, layout and fit out of the **Community Bank®** branch;
- Training for the Branch Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;
- Security and cash logistics control;
- Calculation of Company revenue and payment of many operating and administrative expenses;
- The formulation and implementation of advertising and promotional programs; and
- Sales techniques and proper customer relations.

At the date of this report the directors have no reason to believe the Bendigo and Adelaide Bank Limited will not continue to support Heyfield & District Community Financial Services Ltd.

(b) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Interest revenue

Interest is recognised on a time proportional basis that takes into account the effective yield on the financial asset.

Commission income

Commission income is recognised when the right to the income has been established under the terms of the agreement under which the commissions are receivable by the Company.

Other income

Other income is recognised on an accruals basis when the Company's right to the income has been established.

1 Summary of Significant Accounting Policies (continued)

(c) Income Tax

The income tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current income tax is the amount of income taxes payable in respect of the taxable profit for the year and is measured at the amount expected to be paid to the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities are measured at the amounts expected to be paid to the relevant taxation authority.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

- Taxable temporary differences arising on the initial recognition of goodwill.

- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that 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.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

1 Summary of Significant Accounting Policies (continued)

(f) Goods and services tax (GST)

Revenue, 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 Australian Taxation Office (ATO).

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

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the fair value model based on periodic, but at least triennial, valuations undertaken by independent and qualified valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on the revaluation of land and buildings are brought to account as comprehensive income and credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are recognised against the previously recorded revaluation reserve. All other decreases are recognised in profit or loss.

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

The carrying amount of land and buildings is reviewed annually by the Directors to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's use and subsequent disposal.

Plant and equipment

Plant and equipment (including furniture, fixtures, fittings and motor vehicles) are measured using the cost model and are recorded at cost less accumulated depreciation and any impairment losses. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

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

1 Summary of Significant Accounting Policies (continued)

(g) Property, plant and equipment (continued)

Plant and equipment (continued)

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

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on either a straight-line (SL) or diminishing value (DV) basis over the assets useful life to the Company, commencing when the asset is ready for use.

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

Fixed asset class	Depreciation rate
Buildings	2.5% SL
Plant and Equipment	10% SL
Furniture, Fixtures and Fittings	10% SL
Motor Vehicles	25% DV

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(h) Fair value of assets and liabilities

The Company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis depending on the requirements of the applicable Accounting Standards.

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

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

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

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

1 Summary of Significant Accounting Policies (continued)

(i) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial Assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables; and
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the statement of profit or loss and other comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Company's trade and other receivables fall into this category of financial instruments.

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Company renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Company does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

1 **Summary of Significant Accounting Policies (continued)**

(i) Financial instruments (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Company's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities depending on the purpose for which the liability was acquired. Although the Company may use derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

The Company‘s financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of financial assets

At the end of the reporting period the Company assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(j) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

1 Summary of Significant Accounting Policies (continued)

(j) Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(k) Intangible Assets

Franchise fees (including renewal fees) are initially recorded at cost and amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, from the date that they are available for use. Franchise fees are amortised at a rate of 20% per annum.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, deposits available on demand and short-term investments (with original maturities of three months or less) which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(m) Trade and other receivables

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

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

1 Summary of Significant Accounting Policies (continued)

(n) Employee benefits

Short-term employee benefits

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

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables. Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Other long-term employee benefits

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

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

(o) Trade and other payables

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

(p) Borrowings

Borrowings are initially recognised as fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1 Summary of Significant Accounting Policies (continued)

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares which vest immediately are recognised as a deduction from equity, net of any tax effects.

(r) Dividends

Provision is made for the amount of any dividends declared that have been appropriately authorised and are no longer at the discretion of the Company, on or before the end of the financial year but that have not been paid at that date.

(s) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

(t) Comparative figures

Comparatives are consistent with prior years, unless otherwise stated. When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(u) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2018, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

1 Summary of Significant Accounting Policies (continued)

(v) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments and associated Amendments to Australian Accounting Standards	Annual reporting periods beginning on or after 1 January 2018	AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and include a forward-looking 'expected loss' impairment model and a substantially changed approach to hedge accounting. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are: a) Financial assets that are debt instruments will be classified based on the objective of the entity's business model for managing the financial assets and the characteristics of the contractual cash flow. b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments. d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising gains and losses from them, on different bases.	When this standard is first adopted for the year ended 30 June 2019 there is not expected to be any material impact on the transactions and balances recognised in the financial statements of the Company.

1 Summary of Significant Accounting Policies (continued)

(v) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
		e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: - The change attributable to changes in credit risk are presented in other comprehensive income. - The remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. Otherwise the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9: - Classification and measurement of financial liabilities. - Derecognition requirements for financial assets and liabilities. AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements. AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.	
AASB 16 Leases	Annual reporting periods beginning on or after 1 January 2019	AASB 16 replaces AASB 117 Leases and will require the majority of leases of an entity to be brought onto the Statement of Financial Position. There are limited exceptions relating to short term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right of use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	The Company is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Company's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ended 30 June 2020.

1 Summary of Significant Accounting Policies (continued)

(v) New Accounting Standards and Interpretations (continued)

Standard Name	Effective date for entity	Requirements	Impact
AASB 15 Revenue from Contracts With Customers and associated Amendments to Australian Accounting Standards	Annual reporting periods beginning on or after 1 January 2018	AASB 15 will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods and services. To achieve this objective, AASB 15 provides the following five-step process: 1) Identify the contract(s) with customers; 2) Identify the performance obligation in the contract(s); 3) Determine the transaction price; 4) Allocate the transaction price to the performance obligations in the contract(s); and 5) Recognise revenue when (or as) the performance obligations are satisfied. This Standard will require retrospective re-statement of revenue, as well as enhanced disclosure regarding revenue.	When this standard is first adopted for the year ended 30 June 2019 there is not expected to be any material impact on the transactions and balances recognised in the financial statements of the Company.

2 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - estimated useful life and impairment of assets

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

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

Key estimates - property, plant and equipment held at fair value

The Company undertakes an assessment of the fair value of property, plant and equipment each year.

An independent valuation of properties (land and buildings) carried at fair value was obtained on 20 June 2017. The directors have reviewed this valuation and updated it based on valuation indexes for the area in which the property is located. The valuation is an estimation which would only be realised if the property is sold.

Note 20 provides information on inputs and techniques to determine valuation.

Key estimates - employee benefits provisions

The Company uses estimates to determine the current value of future obligations for employee benefits. The estimates are based on assumptions of future wage growth and consumer price index movements. The likelihood of employees reaching a period of service resulting in the employee benefits becoming unconditional and when an employee benefit obligation is likely to be settled are also estimated.

Key judgements - income tax

The Company is subject to income tax and significant judgement is required in determining the recognition of deferred tax assets. Deferred tax assets are only recognised which it is considered sufficient future profits will be generated to make use of the deferred tax asset. The estimates of future profits is based on the company's assessment of expected future cash flows.

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	$	$
3 Revenue and Other Income		
Revenue		
Commission from provision of services	**676,523**	656,593
Other income		
Interest received	**2,690**	2,223
Sundry income	**189**	1,912
Gain on disposal of fixed assets	**1,760**	-
	4,639	4,135
	681,162	660,728

4 Expenses

	2018	2017
(a) Depreciation and amortisation		
Depreciation		
Property, plant and equipment	**29,409**	35,930
Amortisation		
Licenses and franchises	**11,598**	11,293
	41,007	47,223
(b) Employment expenses		
Wages and salaries	**287,889**	267,357
Contract labour	**4,905**	14,305
Superannuation contributions	**25,459**	24,739
Fringe benefits tax	**9,011**	12,715
Movement in provision for employee entitlements	**(19,510)**	(3,495)
Other employment expenses	**36,762**	26,559
	344,516	342,180
(c) Interest paid		
Interest paid on borrowings	**786**	1,472
	786	1,472

Notes to the Financial Statements

For the Year Ended 30 June 2018

4 Expenses (continued)

(d) Charitable donations and sponsorships

	2018 $	2017 $
Community sponsorship		
Bushy Park Pony Club	**4,000**	-
Cooongulla Reserve Committee of Management	**-**	15
Cowwarr Football Netball Club	**2,000**	-
Gippsland Woodcraft Group	**2,721**	-
Glenmaggie Mechanics Institute	**1,000**	-
Heyfield Bowls Club Inc	**-**	2,000
Heyfield Community Resource Centre	**5,190**	-
Heyfield Cricket Club	**-**	1,000
Heyfield Football Club	**1,000**	6,525
Heyfield Golf Club	**2,000**	500
Heyfield Lions Club	**300**	500
Heyfield Primary School	**3,236**	-
Heyfield Traders & Tourism Association	**7,000**	-
Heyfield Tennis Club	**-**	500
Heyfield Wetlands	**-**	1,141
Heyfield & District Vintage Machinery	**1,800**	(750)
Maffra Secondary College	**1,364**	1,000
Nambrok Cricket Club	**-**	400
Rosedale Chamber of Commerce	**2,500**	-
Rosedale Recreation Reserve	**7,273**	-
Rosedale Primary School	**-**	1,000
Seaton Recreation Reserve	**-**	1,000
St Michaels Parents & Friends	**136**	150
Tee Up For Kids	**-**	120
Toongabbie Cricket Club	**-**	1,000
Variety Club	**455**	-
	41,975	16,101
Bendigo Community Foundation	**5,263**	31,578
	47,238	47,679

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	$	$

5 Auditors' Remuneration

	2018 $	2017 $
Remuneration of the auditor (RSD Audit) for:		
Audit or review of the financial report	**5,040**	5,950
	5,040	5,950

6 Income Tax Expense

(a) The major components of tax expense comprise:

	2018 $	2017 $
Current tax expense	**13,971**	13,090
Deferred tax expense	**9,407**	(816)
Income tax expense	**23,378**	12,274

(b) Reconciliation of income tax to accounting profit:

	2018 $	2017 $
Prima facie tax on profit before income tax at 27.5% (2017: 27.5%)	**22,673**	12,274
Add tax effect of non-allowable expenses	**705**	-
Income tax expense	**23,378**	12,274
Weighted average effective tax rate	28.35%	27.50%

(c) Income tax relating to each component of other comprehensive income:

	2018			2017		
	Before-tax Amount	**Tax (Expense) Benefit**	**Net-of-tax Amount**	Before-tax Amount	Tax (Expense) Benefit	Net-of-tax Amount
	$	**$**	**$**	$	$	$
Net loss on revaluation of land and buildings	-	-	-	(10,447)	2,873	(7,574)
	-	-	-	(10,447)	2,873	(7,574)

Notes to the Financial Statements

For the Year Ended 30 June 2018

		2018	2017
		$	$
7	**Cash and Cash Equivalents**		
	CURRENT		
	Cash on hand	**50**	50
	Bank balances	**89,977**	56,783
		90,027	56,833
8	**Trade and Other Receivables**		
	CURRENT		
	Trade receivables	**60,370**	60,868
	Accrued income	**176**	224
		60,546	61,092

The majority of the trade debtors owing to the Company are from the Bendigo and Adelaide Bank Limited, which is the source of the majority of the Company's income.

The Company monitors whether its trade debtors are 'past due'. Amounts are considered to be 'past due' when the debt has not been settled within the terms and upon the conditions agreed between the Company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment based on an assessment of the solvency of the debtor and are provided for where there are specific circumstances indicating that the debt may not be fully paid to the Company.

At the reporting date none of the receivables of the Company were 'past due' (2017: none past due).

		2018	2017
		$	$
9	**Other Financial Assets**		
	Held-to-maturity investments		
	CURRENT		
	Term deposits	**122,852**	120,143
		122,852	120,143

The effective interest rate on term deposits at the balance dated was 2.20% (2017: 2.25%). The deposits have an average maturity of 274 days.

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	$	$
10 Property, plant and equipment		
NON CURRENT		
LAND AND BUILDINGS		
Freehold land		
At fair value (i)	**67,475**	67,475
Total Land	**67,475**	67,475
Buildings		
At fair value (i)	**342,525**	342,525
Accumulated depreciation	**(8,563)**	-
Total buildings	**333,962**	342,525
Total land and buildings	**401,437**	410,000
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	**90,005**	87,457
Accumulated depreciation	**(59,247)**	(52,236)
Total plant and equipment	**30,758**	35,221
Furniture, fixtures and fittings		
At cost	**192,631**	190,845
Accumulated depreciation	**(160,937)**	(153,145)
Total furniture, fixtures and fittings	**31,694**	37,700
Motor vehicles		
At cost	**27,897**	46,582
Accumulated depreciation	**(1,818)**	(22,300)
Total motor vehicles	**26,079**	24,282
Total plant and equipment	**88,531**	97,203
Total property, plant and equipment	**489,968**	507,203

The Directors value land and buildings annually based on periodic, but ordinarily triennial, independent valuations by an appropriately qualified property valuer. The fair value model is applied to all land and buildings held by the company.

(i) The value of land and buildings comprises two properties which have been valued based on independent valuations carried out on 20 June 2017 and adopted by the Directors as at 30 June 2017.

The Directors have assessed that the carrying value of each of the properties at 30 June 2018 are not materially different to the fair value of the land and buildings recorded at the balance date.

Notes to the Financial Statements
For the Year Ended 30 June 2018

10 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

2018

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	$	$	$	$	$	$
Balance at the beginning of year	**67,475**	**342,525**	**35,221**	**37,700**	**24,282**	**507,203**
Additions	**-**	**-**	**2,548**	**1,786**	**27,898**	**32,232**
Disposals at written down value	**-**	**-**	**-**	**-**	**(20,058)**	**(20,058)**
Depreciation expense	**-**	**(8,563)**	**(7,011)**	**(7,792)**	**(6,043)**	**(29,409)**
Balance at the end of the year	**67,475**	**333,962**	**30,758**	**31,694**	**26,079**	**489,968**

2017

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	$	$	$	$	$	$
Balance at the beginning of year	17,500	415,296	40,202	45,355	32,376	550,729
Additions	-	-	2,331	520	-	2,851
Depreciation expense	-	(12,349)	(7,312)	(8,175)	(8,094)	(35,930)
Revaluation increment/(decrement)	49,975	(60,422)	-	-	-	(10,447)
Balance at the end of the year	67,475	342,525	35,221	37,700	24,282	507,203

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018	2017
	$	$

11 Intangible Assets

	2018	2017
NON CURRENT		
Licenses and franchises		
Cost	**58,472**	56,484
Accumulated amortisation and impairment	**(24,315)**	(12,717)
Total Intangibles	**34,157**	43,767

(a) Movements in carrying amounts of intangible assets

	2018	2017
Licenses and franchises		
Balance at the beginning of the year	**43,767**	55,060
Additions	**1,988**	-
Amortisation	**(11,598)**	(11,293)
Balance at the end of the year	**34,157**	43,767

12 Trade and Other Payables

	2018	2017
CURRENT		
Accrued expenses	**10,145**	3,500
Dividends payable	**420**	100
Trade payables	**18,743**	19,049
GST payable	**13,203**	14,066
Other payables	**3,839**	6,034
	46,350	42,749

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying amounts are considered to be a reasonable approximation of fair value.

13 Borrowings

	2018	2017
CURRENT		
Secured liabilities:		
Chattel mortgage	**-**	24,476
Total borrowings	**-**	24,476

(a) Non-current assets pledged as security for liabilities:

The chattel mortgage was secured by an equipment mortgage over the motor vehicle owned by the Company.

Notes to the Financial Statements

For the Year Ended 30 June 2018

	2018 $	2017 $
14 Tax assets and liabilities		
(a) Current Tax Liability		
Income tax payable	**3,762**	5,508
	3,762	5,508
(b) Deferred Tax Liability		
Deferred tax liabilities relate to the following:		
Revaluations of property, plant and equipment	**35,109**	30,771
Employee provisions	**(2,089)**	(7,455)
Expenses not deductible until paid	**(1,392)**	(1,109)
Other items	**48**	61
	31,676	22,268
15 Employee Benefits		
CURRENT		
Annual leave	**4,381**	13,370
Long service leave	**-**	11,208
	4,381	24,578
NON-CURRENT		
Long service leave	**3,220**	2,533
	3,220	2,533
	7,601	27,111
16 Issued Capital		
450,009 (2017: 450,009) Ordinary shares	**450,009**	450,009

	2018 No.	2017 No.
(a) Ordinary shares		
At the beginning of the reporting period	**450,009**	450,009
At the end of the reporting period	**450,009**	450,009

Notes to the Financial Statements

For the Year Ended 30 June 2018

16 Issued Capital (continued)

(a) Ordinary shares (continued)

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At a shareholders meeting each shareholder is entitled to one vote when a poll is called or on a show of hands.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) Capital Management

The key objectives of the Company when managing capital is to maintain a strong capital base in order to ensure the future operations of the Company. The Company defines capital as its total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement the funds able to be distributed to shareholders in any 12 month period must not exceed the 'Dividend & Other Distribution' clause limit.

The 'Dividend & Other Distribution' clause limits any dividends to the greater of:
i) 20% of the profit for the year plus accumulated profits from prior years plus community contributions made in the year
ii) The average 90 day bank bill swap rate over the financial year plus 5% multiplied by the paid up share capital at the end of the financial year.

The Directors manage the capital of the Company and make funding decisions based on the prevailing economic environment and have a number of tools available to manage capital. These include access to debt, the ability to adjust the size and timing of dividends paid to shareholders, the management of the amounts paid in community contributions and sponsorships and the issue of new shares.

There has been no change to capital management policies during the year. There are no other externally imposed capital requirements.

	2018 $	2017 $
17 Dividends		
Fully franked ordinary dividend of 4 cents per share were declared and paid (2017: 4 cents per share)	**18,000**	18,000
	18,000	18,000

Franked dividends declared or paid during the year were franked at the tax rate of 27.5% (2017: 27.5%).

18 Earnings per Share

	2018 Cents	2017 Cents
Basic earnings per share (cents)	**13.12**	7.19

	2018 $	2017 $
Earnings used to calculate overall earnings per share	**59,069**	32,363

	2018 No.	2017 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**450,009**	450,009

19 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The Company does not speculate in financial assets. The Board has established an audit committee which reports regularly to the board.

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

There have been no substantial changes in the types of risks the Company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks since the previous period.

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Deposits with banks
- Trade and other payables
- Borrowings

19 Financial Risk Management (continued)

The totals of each category of financial instrument measured in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* are as follows:

	2018	2017
	$	$
Financial Assets		
Cash and cash equivalents	**90,027**	56,833
Trade and other receivables	**60,546**	61,092
Financial assets	**122,852**	120,143
	273,425	238,068
Financial Liabilities		
Trade and other payables	**46,350**	42,749
Borrowings	**-**	24,476
	46,350	67,225

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and committed transactions.

The Company has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Company has a concentration of credit risk as a result the financial dependency on Bendigo and Adelaide Bank Limited with virtually all of the Company's bank deposits, trade receivables and financial assets being with Bendigo and Adelaide Bank Limited. The Company's exposure to credit risk is limited to Australia by geographic area.

The Company does not have any financial assets that are past due (2017: nil past due) and, based on historic performance, the Company believes that no impairment charge is necessary in respect of financial assets.

The credit risk for trade receivables, liquid funds and other short-term financial assets is considered negligible, since the counterparty, Bendigo and Adelaide Bank Limited, are a reputable bank with high quality external credit ratings.

19 Financial Risk Management (continued)

(b) Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash and marketable securities to meet its liquidity requirements for up to 30-day periods. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Notes to the Financial Statements

For the Year Ended 30 June 2018

19 Financial Risk Management (continued)

Liquidity risk (continued)

The Company's financial assets and liabilities have maturities which are summarised below:

	Weighted Average Effective Interest Rate		Within 1 Year		1 to 5 Years		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
	%	**%**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Assets								
Cash and cash equivalents			**90,027**	56,833	**-**	-	**90,027**	56,833
Trade and other receivables			**60,546**	61,092	**-**	-	**60,546**	61,092
Financial assets	**2.20**	2.25	**122,852**	120,143	**-**	-	**122,852**	120,143
			273,425	238,068	**-**	-	**273,425**	238,068
Financial Liabilities								
Trade and other payables			**46,350**	42,749	**-**	-	**46,350**	42,749
Borrowings	**-**	4.95	**-**	24,476	**-**	-	**-**	24,476
			46,350	67,225	**-**	-	**46,350**	67,225

Notes to the Financial Statements

For the Year Ended 30 June 2018

19 Financial Risk Management (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company ordinarily holds relatively short term fixed term investments which it retains to maturity resulting in minimal exposure to market risk on these investments.

(d) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed and invested at floating and fixed rates. Borrowings and investments issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

(e) Fair value estimates

The Directors estimates of the fair value of financial assets and liabilities are presented in the following table and compared to their carrying amounts as presented in the Statement of Financial Position. Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the Company.

	2018		2017	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	$	$	$	$
Financial assets				
Cash and cash equivalents (i)	90,027	90,027	56,833	56,833
Trade and other receivables (i)	60,546	60,546	61,092	61,092
Financial assets	122,852	122,852	120,143	120,143
	273,425	273,425	238,068	238,068
Financial liabilities				
Trade and other payables (i)	46,350	46,350	42,749	42,749
Borrowings	-	-	24,476	24,476
	46,350	46,350	67,225	67,225

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

20 Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

- Freehold land and buildings

Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

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

The table below shows the assigned level for each asset and liability held at fair value by the company:

30 June 2018	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Freehold land and buildings	**-**	**401,437**	**-**	**401,437**

30 June 2017	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Freehold land and buildings	-	410,000	-	410,000

Level 2 measurements

The revaluation of freehold land and buildings to their fair value is determined by the Directors each year based on independent valuations undertaken by an independent qualified valuer at least every three years and taking into consideration current market conditions and recent observable market data.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

21 Key Management Personnel and Other Related Parties

Any person having authority or responsibility for planning, directing or controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) are considered to be Key Management Personnel.

Other related parties include close family members of Key Management Personnel and entities that are controlled or jointly controlled by those Key Management Personnel, individually or collectively with their close family members.

(a) Transactions with related parties

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

The following transactions occurred with related parties:

	2018	2017
	$	$
Provision of IT services by key management personnel:		
Thomas Crosbie IT	**962**	140

(b) Key Management Personnel Shareholdings

The key management personnel and other related parties held the following numbers of shares in Heyfield & District Community Financial Services Limited during the financial year:

	2018	2017
	No.	No.
Gregor Mackenzie	**-**	-
Emma Birchall	**-**	-
Keith Borthwick (jointly held)	**2,002**	2,002
Thomas Crosbie	**-**	-
Kenneth Noble	**500**	500
Kelly Anderson	**-**	-
Matthew Vaux	**-**	-
David Wadey	**500**	500
Shirley Noble	**500**	500

There have been no changes in shareholdings of Key Management Personnel during the year. Each share held has a paid up value of $1.00 and is fully paid.

Notes to the Financial Statements

For the Year Ended 30 June 2018

22 Cash Flow Information

(a) Reconciliation of net income to net cash provided by operating activities:

	2018 $	2017 $
Profit for the year	**59,069**	32,363
Non-cash flows in profit:		
- amortisation	**11,598**	11,293
- depreciation	**29,409**	35,931
- gain on disposal of fixed assets	**(1,760)**	-
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**548**	(8,596)
- decrease in prepayments and other assets	**166**	55
- (increase)/decrease in deferred tax asset	**9,408**	(815)
- increase in trade and other payables	**3,280**	14,987
- increase/(decrease) in income taxes payable	**(1,746)**	2,116
- (decrease) in provisions	**(19,510)**	(3,495)
Cashflows from operations	**90,462**	83,839

23 Contingencies

In the opinion of the Directors, the Company did not have any contingent assets or liabilities at 30 June 2018 or 30 June 2017.

24 Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which 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 financial years.

25 Statutory Information

The registered office of and principal place of business of the company is:

Heyfield & District Community Financial Services Ltd
54-56 Temple Street
HEYFIELD VIC 3858

Heyfield & District Community Financial Services Ltd

ABN 96 094 854 949

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2018 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the Company;

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

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

Director .... David Wadey

Director .... Emma Birchall

Dated: 25 September 2018

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AUDITOR'S REPORT
TO THE MEMBERS OF HEYFIELD & DISTRICT COMMUNITY FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Heyfield & District Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(a) the financial report of Heyfield & District Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

 (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year then ended; and

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

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

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

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

Independence

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

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

Director's Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

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

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

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

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

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

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

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

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD Audit
Chartered Accountants

P. P. Delahunty
Partner
Bendigo
Dated: 26 September 2018

NOTES

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THANK YOU FOR YOUR

CONTINUED SUPPORT