Annual Report 2019

Heyfield & District Community Financial Services Ltd

Heyfield & District
Community Bank Branch

ABN 96 094 854 949

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

Partnering with Australia's fifth largest bank, we're proud of the contribution we make to one of Australia's most trusted brands. Our model has been held up as an example of a great way of doing business.

We continue to work closely with our partner, Bendigo and Adelaide Bank, in improving the customer experience. The growth of our existing customer base will mean a growth in your investment and our community's investment in our Community Bank branch.

To our shareholders, we thank you for your ongoing support. Nationally we have 75,000 shareholders in our Community Bank Company. I put the challenge to you to take the time to help us grow your business. If every single one of our 240 shareholders referred one customer to the Heyfield & District Community Bank Branch imagine the growth to our business and to your investment. And ultimately, the benefit to your community with a greater pool of funds to distribute to community groups and local projects.

Our branch staff continue to be ready to act on your referrals. Please make yourself known to them, thereby helping us help your Community Bank Branch and our local community.

You will no doubt know that banks have been in the news of late. Notwithstanding there will be many lessons taken from the Royal Commission. Our Company remains proud of our franchise partnership with the Bendigo and Adelaide Bank with a strong ethical core and one that puts customers before profit.

To date we thank the community in their support, resulting in a return to the community of over forty-seven thousand dollars.

The recipients have included:

- Heyfield Jnr Netball Club
- Maffra Secondary College
- Glenmaggie Rural CFA
- Heyfield Lions Club
- Heyfield Need for Feed Project
- Heyfield Tennis Club
- Heyfield Bowls Club
- Glenmaggie Mechanics Institute
- East Gippsland Dog Obedience Club
- Coongulla Reserve Committee of Management
- St Michaels Parents & Friends Committee
- Walk Safely to school Breakfast
- Heyfield & District Vintage Machinery Group
- Heyfield Hospital Ladies Auxiliary
- Heyfield Traders & Tourism Association

We have also committed funds to assist financially for the replacement Heyfield Lions Community bus. It was a pleasure for us to award a Scholarship to Rachel O'Brien and we wish Rachel all the best in her studies.

Not withstanding the above financial support, Directors and Branch Staff have volunteered their unpaid time and effort in assisting various groups in the running of their events.

During the year we welcomed the arrival of our new Branch Customer Relationship Officer Tamarah Smith. It was with regret that we lost Kelly Anderson from the Board and Kat Gorley due to relocations however, we were fortunate to have Jane Harvie join us on the Board. It is a pleasure to serve with like-minded community volunteers.

In conclusion it is rewarding that the branch remains in a profitable position and continues to support the local community and provide returns to our shareholders.

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 - VICE CHAIRPERSON, TREASURER AND AUDIT COMMITTEE MEMBER

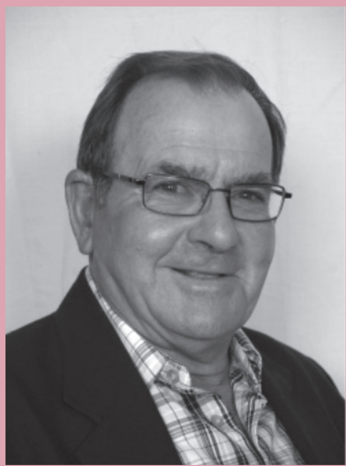
Qualifications: Certificate IV Property (Real Estate Practice)

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.

KENNETH NOBLE - VICE CHAIR

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.



JANE HARVIE - DIRECTOR

Qualifications: Bachelor of Business Marketing

Experience: Consumer Marketing Specialist with International Brands, significant experience working with large retailers and corporates.
Director of Top Squad Pty Ltd, SPW Pty Ltd, Allan Knight Nominees Pty Ltd and Panmore Pty Ltd

TROY UNDERWOOD - DIRECTOR

Qualififications: Signwriter

Experience: 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.

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.
Owner/Operator of ByteMan Solutions.

KELLY ANDERSON - DIRECTOR - Retired June 2019

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.

TRACI GROGAN - ADMINISTRATION

Qualifications: Diploma of Business Administration and Marketing Retail Operations, Bachelor of Paramedic Science, Diploma of Paramedic Science and Cert 4 Emergency Medical Response.
Experience: Executive Administration Assistant to Board of Directors at Heyfield & District Financial services for past 12 months, Extensive knowledge in Business Administration, Fleet Control and Events Marketing.

REBECCA BOURKE - ADMINISTRATION - August 2018

Heyfield & District Financial Services for 13 months providing Marketing and Administration Support to the Board of Directors, Resigned 1st August 2018 to pursue other opportunities.

BEN Report

CB Annual Report 2018/2019

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

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

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

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

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

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

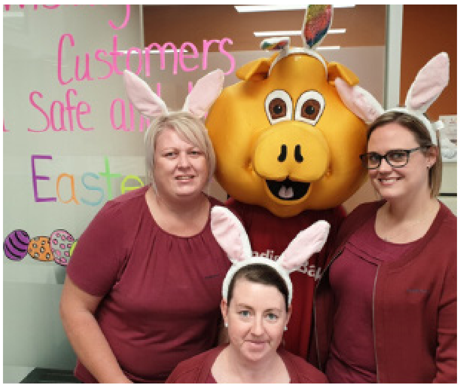
We find that our customer base is a very loyal group. It's getting people to make the change that's the challenge. In today's environment, we've never had a better chance to convince people to make the change and your support in achieving this is critical.

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

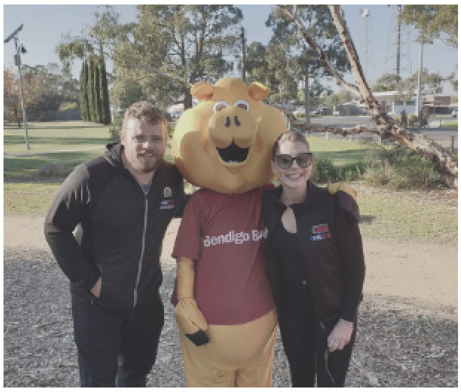
We would also like to thank and acknowledge the amazing work of your branch staff and directors in developing your business and supporting the communities that you live and work in.

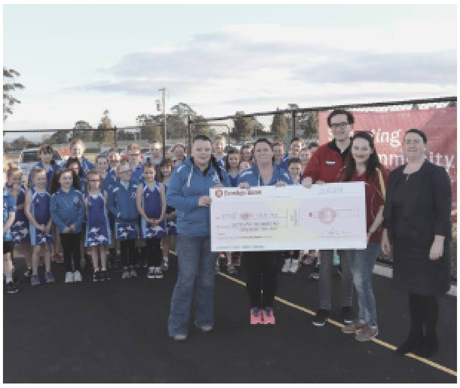
Mark Cunneen

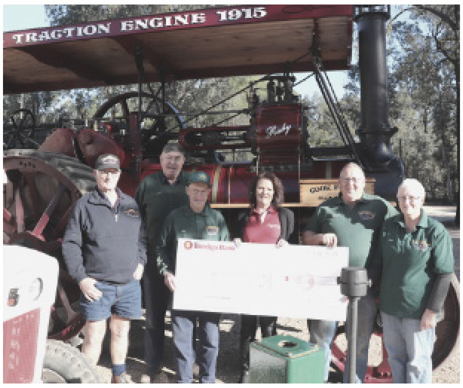
Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

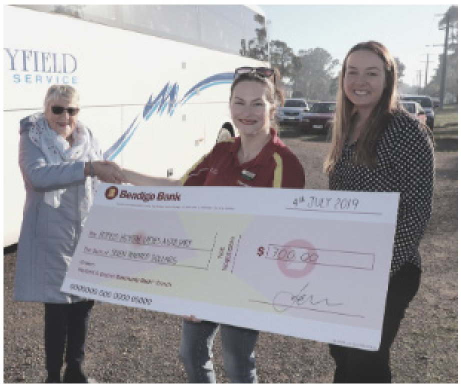


Out and about









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 Manager's report for the financial year ended 30 June 2019.

The Heyfield and District Community Bank Branch continues to run a strong and viable banking operation.

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 Bank's profit share is returned to the community in the form of sponsorships and grants. Key beneficiaries this year included the Heyfield Lions Club, Heyfield Traders and Tourism Association, second instalment for the RV Park Toilet block upgrade, Heyfield Bowls Club and Glenmaggie CFA's tanker defibrillator.

We have upgraded the front of our Branch by replacing the faded signage and added a vibrant ATM wrap along with improving our digital media presence with our in-branch TV.

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 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.

Sean Kennedy
Branch Manager

Meet Our Staff

SEAN KENNEDY - BRANCH MANAGER - RESIGNED SEPTEMBER 2019

Sean came to our Community Bank family in June 2018 with an extensive banking history of over 20 years. Sean left Heyfield in September 2019 to pursue other opportunities outside of the Bendigo network.

KAT GOURLEY - CUSTOMER RELATIONSHIP OFFICER

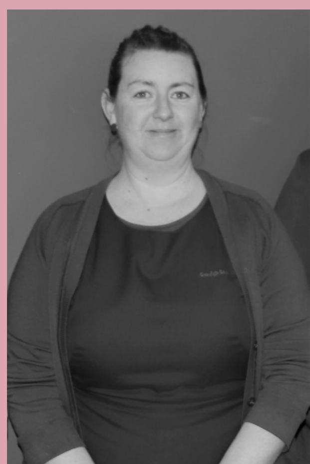
Kat has been working in the Bendigo Bank network for over 8 years, she joined the Heyfield team 3 years ago. In June 2019, Kat left Heyfield to pursue other opportunities within Bendigo Bank.

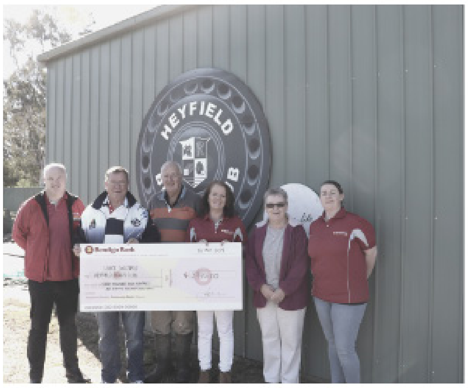
KYLIE DOLE - CUSTOMER SERVICE OFFICER

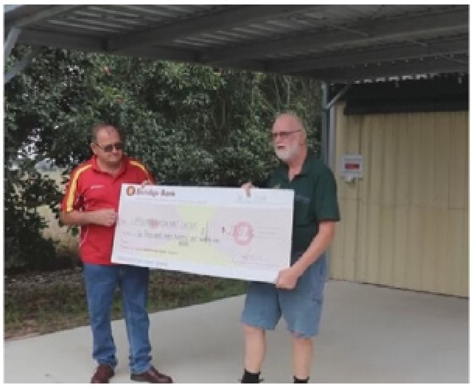
Kylie has been working for Heyfield & District Community Bank Branch for 4 1/2 years. Prior to this, Kylie previously worked in management positions in Retail and Visual Merchandising. Kylie enjoys working for the Community Bank for the day to day interactions with all our local customers and the opportunities banking with us creates. Kylie has been an integral part of our social media presence.

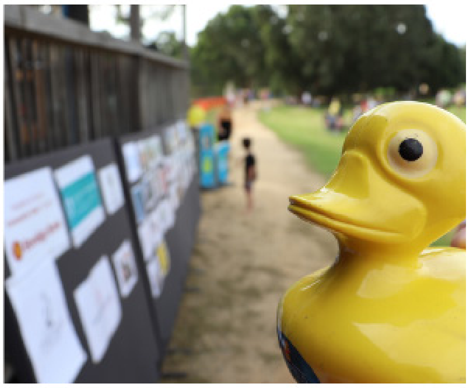
INGRID KOMEN - CUSTOMER SERVICE OFFICER

Ingrid has been working for Heyfield & District Community Bank Branch for 2 years. Prior to this, Ingrid was at the Maffra & District Community Bank for 18 months. Passionate and dedicated to the Heyfield Community, Ingrid is involved in many sporting and Community groups and has played a key role in the Community Bank's Walk safely to School Breakfast.

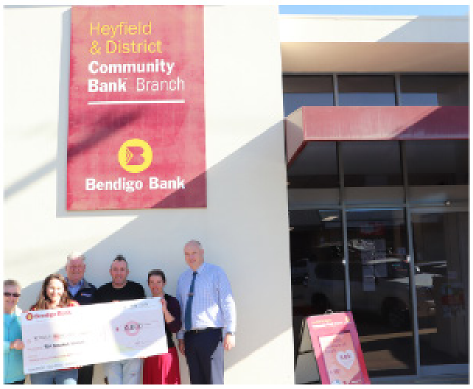



HEYFIELD






Bendigo Bank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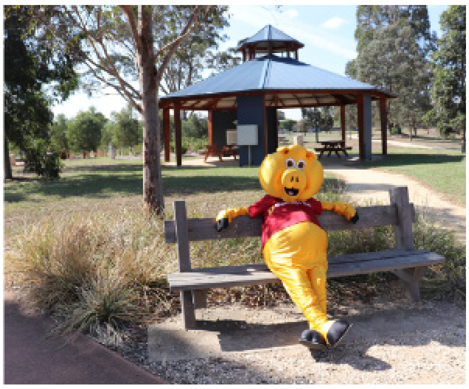
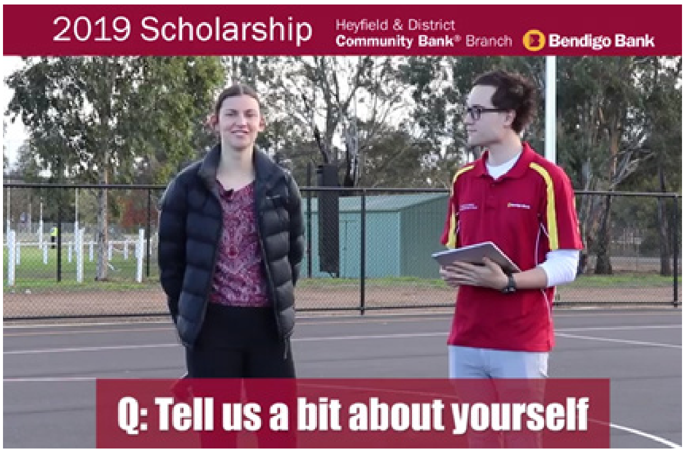
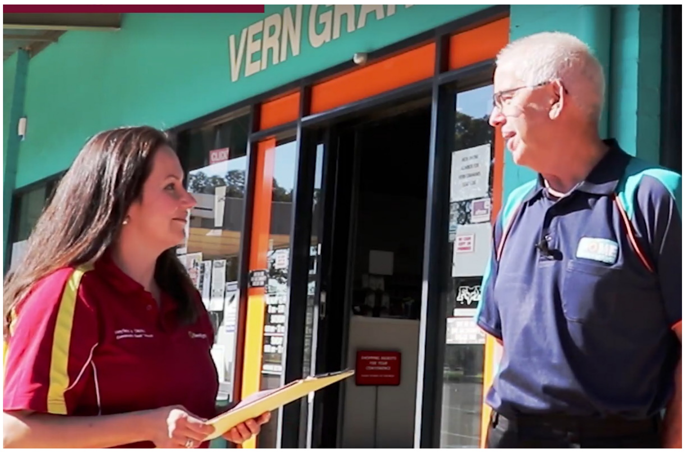
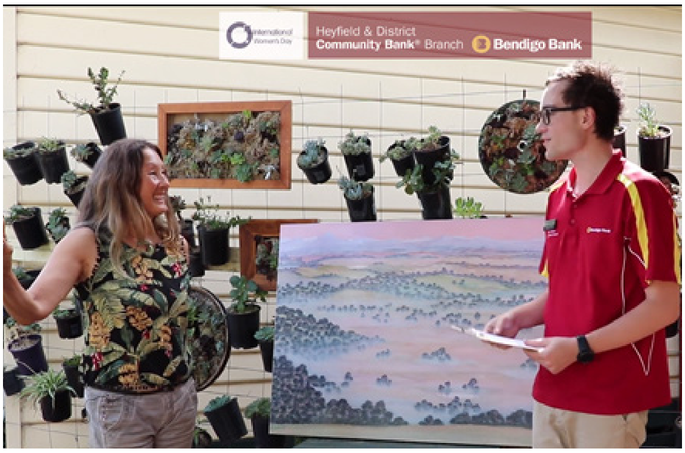
& District
Community
Bank Branch
Bendigo Bank




2019 Scholarship
Heyfield & District
Community Bank® Branch
Bendigo Bank
Q: Tell us a bit about yourself


International
Women's Day
Heyfield & District
Community Bank® Branch
Bendigo Bank




Heyfield & District
Community Bank® Branch
Bendigo Bank

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Heyfield & District Community Financial Services Ltd

ABN 96 094 854 949

Financial Statements

For the Year Ended 30 June 2019

Heyfield & District Community Financial Services Ltd

ABN 96 094 854 949

Contents

For the Year Ended 30 June 2019

Directors' Report

For the Year Ended 30 June 2019

The directors present their report on Heyfield & District Community Financial Services Ltd for the financial year ended 30 June 2019.

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.

Retired 27 June 2019

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 Responsibilities: Secretary and member of the audit committee and marketing committee.

Thomas Crosbie

Experience: Thomas is an information technology specialist and operator of Byteman Solutions. Thomas was awarded Heyfield's Young Citizen of the Year in 2014 for work with Computer Donations for Gippsland.

Special Responsibilities: Member of the marketing committee.

Jane Harvie

Qualifications: Bachelor of Business Marketing (Swinburne 1990)
Experience: Consumer Marketing Specialist with International brands, significant experience working with large retailers and corporates, Jane is currently a director of Top Squad Pty Ltd, SPW Pty Ltd, Allan Knight Nominees Pty Ltd and Panmore Pty Ltd.
Special Responsibilities: Member of the marketing committee.
Appointed 29 November 2018

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.

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.

Directors' Report

For the Year Ended 30 June 2019

David Wadey

Qualifications: Certificate IV Property (Real Estate Practice)

Experience: David is the branch manager of Gippsland Real Estate. David is a past president of the Heyfield Lions Club, current secretary of Heyfield Lions Club, past secretary of the Heyfield CFA Fire Brigade and secretary of the Heyfield Australia Day Committee.

Special Responsibilities: Vice chairperson, 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	7
Kelly Anderson	11	6
Emma Birchall	11	11
Thomas Crosbie	11	6
Jane Harvie	6	5
Kenneth Noble	11	5
Troy Underwood	11	11
David Wadey	11	9

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 $22,975 (2018 $59,069).

Dividends paid or recommended

A fully franked dividend of 4.5 cents per share totalling $20,250 was paid during the year. To the date of this report no dividend has been paid or declared for the year ended 30 June 2019

Directors' Report

For the Year Ended 30 June 2019

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 2019 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: 26 September 2019

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
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 2019 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: 30 September 2019

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue and other income	3	**644,021**	681,162
Depreciation and amortisation expense	4(a)	**(40,509)**	(41,007)
Employment expenses	4(b)	**(345,864)**	(344,516)
Interest paid	4(c)	**-**	(786)
Operating expenses	4(d)	**(175,476)**	(165,168)
Operating profit before charitable donations and sponsorships		**82,172**	129,685
Charitable donations and sponsorships	4(e)	**(49,231)**	(47,238)
Profit before income tax		**32,941**	82,447
Income tax expense	6(a)	**(9,966)**	(23,378)
Profit for the year		**22,975**	59,069
Other comprehensive income			
Other comprehensive income, net of income tax		**-**	-
Total comprehensive income for the year		**22,975**	59,069
Profit attributable to members of the company		**22,975**	59,069
Total comprehensive income attributable to members of the company		**22,975**	59,069
Earnings per share attributable to members of the company (cents per share)	17	**5.11**	13.12

The accompanying notes form part of these financial statements.

Statement of Financial Position
As At 30 June 2019

	Note	2019 $	2018 $
Assets			
Current Assets			
Cash and cash equivalents	7	**130,342**	90,027
Trade and other receivables	8	**56,666**	60,546
Financial assets	9	**119,568**	122,852
Current tax receivable	10(a)	**1,678**	-
Total Current Assets		**308,254**	273,425
Non-Current Assets			
Property, plant and equipment	11	**465,964**	489,968
Intangible assets	12	**22,462**	34,157
Total Non-Current Assets		**488,426**	524,125
Total Assets		**796,680**	797,550
Liabilities			
Current Liabilities			
Trade and other payables	13	**44,371**	46,350
Current tax liabilities	10(b)	**-**	3,762
Employee benefits	14	**4,725**	4,381
Total Current Liabilities		**49,096**	54,493
Non-Current Liabilities			
Deferred tax liabilities	10(c)	**32,216**	31,676
Employee benefits	14	**4,482**	3,220
Total Non-Current		**36,698**	34,896
Total Liabilities		**85,794**	89,389
Net Assets		**710,886**	708,161
Equity			
Issued capital	15	**450,009**	450,009
Reserves		**112,708**	112,708
Retained earnings		**148,169**	145,444
Total Equity		**710,886**	708,161

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2019

2019

	Note	Ordinary Shares $	Retained Earnings $	Asset Revaluation Reserve $	Total $
Balance at 1 July 2018		**450,009**	**145,444**	**112,708**	**708,161**
Profit attributable to members of the company		**-**	**22,975**	**-**	**22,975**
Dividends paid or provided for	16	**-**	**(20,250)**	**-**	**(20,250)**
Balance at 30 June 2019		**450,009**	**148,169**	**112,708**	**710,886**

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	16	-	(18,000)	-	(18,000)
Balance at 30 June 2018		450,009	145,444	112,708	708,161

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 2019

	Note	2019 $	2018 $
Cash flows from operating activities:			
Receipts from customers		**710,083**	744,882
Payments to suppliers and employees		**(638,802)**	(640,656)
Interest received		**1,953**	2,738
Interest paid		**-**	(786)
Income taxes paid		**(14,866)**	(15,716)
Net cash provided by operating activities	21	**58,368**	90,462
Cash flows from investing activities:			
Purchase of investments		**3,283**	(2,709)
Purchase of property, plant and equipment		**(4,810)**	(32,233)
Purchase of intangible assets		**-**	(1,988)
Proceeds from sale of non-current assets		**-**	21,818
Net cash used by investing activities		**(1,527)**	(15,112)
Cash flows from financing activities:			
Repayment of borrowings		**-**	(24,476)
Dividends paid		**(16,526)**	(17,680)
Net cash used by financing activities		**(16,526)**	(42,156)
Net increase in cash and cash equivalents held		**40,315**	33,194
Cash and cash equivalents at beginning of year		**90,027**	56,833
Cash and cash equivalents at end of financial year	7	**130,342**	90,027

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

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 26 September 2019.

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) Change in accounting policy

Financial Instruments - Adoption of AASB 9

The Company has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2017.

As part of the adoption of AASB 9, the Company adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

- AASB 7 *Financial Instruments: Disclosures* requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for in the current year.

The key changes to the Company's accounting policies and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption fo AASB 9 have been applied retrospectively.

Classification of financial assets

The financial assets of the Company have been reclassified into the following categories on adoption of AASB 9 based on primarily the busienss model in which a financial asset is managed and its contractual cash flow characteristics:

- Measured at amortised cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income - equity instruments (FVOCI - equity)
- Fair value through other comprehensive income - debt instruments (FVOCI - debt) .

There were no changes to carrying amounts as a result of the adoption of AASB 9.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(a) Change in accounting policy (continued)

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost, contract assets and fair value through other comprehensive income. This has resulted in earlier recognition of credit losses (bad debt provisions).

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company include trade and other payables.

Derecognition of financial liabilities

A financial liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Revenue from Contracts with Customers - Adoption of AASB 15

The Company has adopted AASB 15 *Revenue from Contracts with Customers* for the first time in the current year with a date of initial application of 1 July 2017.

There is no material change to accounting policies as a result of the adoption of AASB 15.

(b) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(b) Economic dependence (continued)

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 Limitedand all credit products provided to customers are products of Bendigo and Adelaide Bank Limited.

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.

(c) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(d) 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.

(e) Borrowing costs

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

(f) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(g) 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.

(h) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(h) Property, 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.

(i) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(j) Financial instruments

Classification

On initial recognition the Company classifies its financial assets, according to the basis on which they are measured, at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and term deposits in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(j) Financial instruments (continued)

Trade receivables and contract asssets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expenses. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(k) 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.

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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(l) 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.

(m) 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.

(n) 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.

(o) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(o) Employee benefits (continued)

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.

(p) 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.

(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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1 Summary of Significant Accounting Policies (continued)

(u) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(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 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.

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 19 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 2019

3 Revenue and other income

	2019 $	2018 $
Revenue		
Commission from provision of services	**630,969**	676,523
	630,969	676,523
Other income		
Contract wages	**1,830**	-
Interest received	**2,672**	2,690
Community event income	**7,660**	-
Sundry income	**890**	189
Gain on disposal of fixed assets	**-**	1,760
	13,052	4,639
	644,021	681,162

4 Expenses

(a) Depreciation and amortisation

	2019 $	2018 $
Depreciation		
Buildings	**8,563**	8,563
Plant and equipment	**6,578**	7,011
Furniture, fixtures and fittings	**7,153**	7,792
Motor vehicles	**6,520**	6,043
	28,814	29,409
Amortisation		
Licenses and franchises	**11,695**	11,598
	11,695	11,598
	40,509	41,007

(b) Employment expenses

	2019 $	2018 $
Wages and salaries	**282,329**	287,889
Contract labour	**3,668**	4,905
Superannuation contributions	**27,408**	25,459
Fringe benefits tax	**5,004**	9,011
Movement in provision for employee entitlements	**1,606**	(19,510)
Other employment expenses	**25,849**	36,762
	345,864	344,516

Notes to the Financial Statements

For the Year Ended 30 June 2019

4 Expenses (continued)

	2019 $	2018 $
(c) Interest paid		
Interest paid on borrowings	-	786
	-	786
(d) Operating expenses		
Accounting fees	**22,600**	20,350
Advertising and marketing	**26,378**	6,173
ATM expenses	**13,225**	11,666
Auditors remuneration	**5,180**	5,040
Bank charges	**976**	640
Borrowing costs	-	166
Delivery costs	**3,906**	3,705
Entertainment	**3,299**	1,000
Filing fees	**1,370**	1,201
Information technology expenses	**34,279**	33,239
Insurance	**14,228**	19,154
Motor vehicle expenses	**4,403**	6,682
Occupancy expenses	**23,918**	23,476
Office expenses	**14,874**	24,400
Share registry services	**3,278**	3,065
Subscriptions	**241**	464
Other operating expenses	**3,321**	4,747
	175,476	165,168

Notes to the Financial Statements

For the Year Ended 30 June 2019

4 Expenses (continued)

(e) Charitable donations and sponsorships

	2019 $	2018 $
Community sponsorship		
Bushy Park Pony Club	**-**	4,000
Cooongulla Reserve Committee of Management	**500**	-
Cowwarr Football Netball Club	**1,000**	2,000
East Gippsland Dog Obedience School	**1,000**	-
Gippsland Woodcraft Group	**-**	2,721
Glenmaggie Mechanics Institute	**1,500**	1,000
Glenmaggie Rural CFA	**2,256**	-
Heyfield Bowls Club Inc	**4,500**	-
Heyfield Community Resource Centre	**20**	5,190
Heyfield Football Club	**-**	1,000
Heyfield Golf Club	**-**	2,000
Heyfield Netball Club	**1,037**	-
Heyfield Lions Club	**2,500**	300
Heyfield Primary School	**-**	3,236
Heyfield Traders & Tourism Association	**4,545**	7,000
Heyfield Tennis Club	**500**	-
Heyfield Hospital Ladies Auxillary	**700**	-
Heyfield & District Vintage Machinery	**500**	1,800
Maffra Secondary College	**1,364**	1,364
Paddy's Market	**454**	-
Rosedale Chamber of Commerce	**-**	2,500
Rosedale Recreation Reserve	**-**	7,273
St Michaels Parents & Friends	**450**	136
Walk to School	**90**	-
Variety Club	**-**	455
	22,916	41,975
Other charitable donations		
Bendigo Community Foundation	**26,315**	5,263
	49,231	47,238

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019 $	2018 $
5 Auditors' Remuneration		
Remuneration of the auditor (RSD Audit) for:		
Auditor and review of financial statements	**5,180**	5,040
	5,180	5,040
6 Income Tax Expense		
(a) The major components of tax expense comprise:		
Current tax expense	**9,426**	13,971
Deferred tax expense	**540**	9,407
Income tax expense	**9,966**	23,378
(b) Reconciliation of income tax to accounting profit:		
Prima facie tax on profit before income tax at 27.5% (2018: 27.5%)	**9,059**	22,673
Add tax effect of non-allowable expenses	**907**	705
Income tax expense	**9,966**	23,378
Weighted average effective tax rate	30.25%	28.35%
7 Cash and Cash Equivalents		
CURRENT		
Cash on hand	**50**	50
Bank balances	**130,292**	89,977
	130,342	90,027
8 Trade and Other Receivables		
CURRENT		
Trade receivables	**55,948**	60,370
Accrued income	**718**	176
	56,666	60,546

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 expected credit loss basis. At the reporting date none of the receivables of the Company were 'past due' (2018: none past due).

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019 $	2018 $
9 Other Financial Assets		
CURRENT		
Term deposits	**119,568**	122,852
	119,568	122,852

The effective interest rate on term deposits at the balance dated was 2.30% (2018: 2.20%). The deposits have an average maturity of 185 days.

10 Tax assets and liabilities

(a) Current Tax Assets

	2019 $	2018 $
Income tax refundable	**1,678**	-
	1,678	-

(b) Current Tax Liability

	2019 $	2018 $
Income tax payable	**-**	3,762
	-	3,762

(c) Deferred Tax Liability

	2019 $	2018 $
Net deferred tax liabilities relate to the following:		
Revaluations of property, plant and equipment	**35,900**	35,109
Employee provisions	**(2,531)**	(2,089)
Expenses not deductible until paid	**(1,351)**	(1,392)
Other items	**198**	48
	32,216	31,676

Deferred income tax included in income tax expense at note 6(a) comprises the increases and decreases in net deferred tax liabilities.

Notes to the Financial Statements

For the Year Ended 30 June 2019

11 Property, plant and equipment

	2019 $	2018 $
NON CURRENT		
Land and buildings		
Freehold land		
At fair value (i)	**67,475**	67,475
	67,475	67,475
Buildings		
At fair value (i)	**342,525**	342,525
Accumulated depreciation	**(17,126)**	(8,563)
	325,399	333,962
	392,874	401,437
Plant and equipment		
Plant and equipment		
At cost	**93,215**	90,005
Accumulated depreciation	**(65,825)**	(59,247)
	27,390	30,758
Furniture, fixtures and fittings		
At cost	**194,231**	192,631
Accumulated depreciation	**(168,090)**	(160,937)
	26,141	31,694
Motor vehicles		
At cost	**27,897**	27,897
Accumulated depreciation	**(8,338)**	(1,818)
	19,559	26,079
	73,090	88,531
	465,964	489,968

(i) 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. The value of land and buildings comprises two properties which have been valued based on independent valuations carried out on 20 June 2017 and were initially 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 2019 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 2019

11 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:

2019

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	$	$	$	$	$	$
Balance at the beginning of year	67,475	333,962	30,758	31,694	26,079	489,968
Additions	-	-	3,210	1,600	-	4,810
Depreciation expense	-	(8,563)	(6,578)	(7,153)	(6,520)	(28,814)
Balance at the end of the year	67,475	325,399	27,390	26,141	19,559	465,964

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019 $	2018 $
12 Intangible Assets		
NON CURRENT		
Licenses and franchises		
Cost	**58,472**	58,472
Accumulated amortisation and impairment	**(36,010)**	(24,315)
	22,462	34,157

(a) Movements in carrying amounts of intangible assets

	2019 $	2018 $
Licenses and franchises		
Balance at the beginning of the year	**34,157**	43,767
Additions	**-**	1,988
Amortisation	**(11,695)**	(11,598)
Balance at the end of the year	**22,462**	34,157

13 Trade and Other Payables

	2019 $	2018 $
CURRENT		
Accrued expenses	**12,113**	10,145
Dividends payable	**4,144**	420
Trade payables	**13,271**	18,743
GST payable	**10,610**	13,203
Other payables	**4,233**	3,839
	44,371	46,350

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.

14 Employee Benefits

	2019 $	2018 $
CURRENT		
Annual leave	**4,725**	4,381
	4,725	4,381
NON-CURRENT		
Long service leave	**4,482**	3,220
	4,482	3,220
	9,207	7,601

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019 $	2018 $
15 Issued capital		
450,009 (2018: 450,009) ordinary shares	**450,009**	450,009

	2019 No.	2018 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

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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

	2019 $	2018 $
16 Dividends		
Fully franked ordinary dividend of 4.5 cents per share were declared and paid (2018: 4 cents per share)	**20,250**	18,000
	20,250	18,000

Franked dividends declared or paid during the year were franked at the tax rate of 27.5% (2018: 27.5%).

17 Earnings per share

	2019 Cents	2018 Cents
Basic earnings per share (cents)	**5.11**	13.12

	2019 $	2018 $
Earnings used to calculate overall earnings per share	**22,975**	59,069

	2019 No.	2018 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**450,009**	450,009

18 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 - 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.

18 Financial risk management (continued)

Financial instruments

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

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

The totals of each category of financial instrument measured in accordance with AASB 9 *Financial Instruments* are as follows:

	2019	2018
	$	$
Financial assets		
Cash and cash equivalents	**130,342**	90,027
Trade and other receivables	**56,666**	60,546
Financial assets	**119,568**	122,852
	306,576	273,425
Financial liabilities		
Trade and other payables	**44,371**	46,350
	44,371	46,350

(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 (2018: 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

18 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.

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

	Weighted average effective interest rate		Within 1 year		Total	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
	%	**%**	**$**	**$**	**$**	**$**
Financial assets						
Cash and cash equivalents	**-**	-	**130,342**	90,027	**130,342**	90,027
Trade and other receivables	**-**	-	**56,666**	60,546	**56,666**	60,546
Financial assets	**2.30**	2.20	**119,568**	122,852	**119,568**	122,852
			306,576	273,425	**306,576**	273,425
Financial liabilities						
Trade and other payables	**-**	-	**44,371**	46,350	**44,371**	46,350
			44,371	46,350	**44,371**	46,350

(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.

18 Financial risk management (continued)

(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.

	2019		2018	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	$	**$**	**$**	**$**
Financial assets				
Cash and cash equivalents (i)	130,342	130,342	90,027	90,027
Trade and other receivables (i)	56,666	56,666	60,546	60,546
Financial assets	119,568	119,568	122,852	122,852
	306,576	306,576	273,425	273,425
Financial liabilities				
Trade and other payables (i)	44,371	44,371	46,350	46,350
	44,371	44,371	46,350	46,350

(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.

19 Fair value measurement

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

- Freehold land and buildings

(a) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

19 Fair value measurement (continued)

(a) Fair value hierarchy (continued)

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

30 June 2019	Level 1 $	Level 2 $	Level 3 $	Total $
Recurring fair value measurements				
Freehold land and buildings	**-**	**392,874**	**-**	**392,874**

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

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.

Notes to the Financial Statements

For the Year Ended 30 June 2019

19 Fair value measurement (continued)

(b) Valuation techniques

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

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

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

Valuation techniques and inputs used to measure Level 2 fair values

Description	Fair value at 30 June 2019 $	Description of valuation techniques	Inputs used
Freehold land	67,475	Market approach	Independent valuation performed every three years
Buildings	325,399	Market approach	Independent valuation performed every three years

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

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

20 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.

During the year the Company purchased goods and services and made grants to community groups with related party relationships as follows:

(i) During the year $597 (2018: $885) was paid to Byteman IT (previously known as Thomas Crosbie IT) for information technology support services provided. The services were provided under normal commercial terms. Byteman IT is owned and operated by a current Director of the Company.

(ii) During the year sponsorship and donations of $2,500 (2018: $300) was paid to Heyfield Lions Club. The sponsorship requests were received and approved by the Board of the Company in accordance with the normal process for sponsorship approval. Three of the Directors of the Company are members of Heyfield Lions Club with one Director also holding the role of Secretary of the Club.

(iii) During the year sponsorship of $2,257 (2018: nil) was paid to Glenmaggie CFA. The sponsorship requests were received and approved by the Board of the Company in accordance with the normal process for sponsorship approval. Two of the Directors of the Company are volunteers with Glenmaggie CFA.

(iv) During the year advertising, repairs and maintenance and sponsorship of $1,470 (2018: $335) was paid to Heyfield Signs for the provision of professional services. The services were provided under normal commercial terms. Heyfield Signs is owned and operated by a current Director of the Company.

(v) During the year sponsorship of $2,200 (2018: $45) was paid to Heyfield Resource Centre. The sponsorship requests were received and approved by the Board of the Company in accordance with the normal process for sponsorship approval. One of the Directors of the Company is a Committee Member of the Heyfield Resource Centre and one other Director has a child attending the Centre.

(vi) During the year sponsorship (2018: $3,560) paid to Heyfield Primary School. The sponsorship requests were received and approved by the Board of the Company in accordance with the normal process for sponsorship approval. One of the Directors of the Company has a child attending the school.

(vii) During the year marketing expenses of $518 (2018: nil) was paid to Lekkel & Co Pty Ltd for marketing services provided. The services were provided under normal commercial terms. One of the former Directors of the Company is a Director of Lekkel & Co Pty Ltd.

Notes to the Financial Statements

For the Year Ended 30 June 2019

20 Key management personnel and other related parties (continued)

(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:

	2019 No.	2018 No.
Gregor Mackenzie	**-**	-
Emma Birchall	**-**	-
Thomas Crosbie	**-**	-
Jane Harvie	**-**	-
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.

(c) Community Bank® Directors' Privileges Package

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

Notes to the Financial Statements

For the Year Ended 30 June 2019

21 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2019 $	2018 $
Profit for the year	**22,975**	59,069
Non-cash flows in profit:		
- amortisation	**11,695**	11,598
- depreciation	**28,814**	29,409
- gain on disposal of fixed assets	**-**	(1,760)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**3,880**	548
- (increase)/decrease in prepayments and other assets	**-**	166
- (increase)/decrease in deferred tax asset	**540**	9,408
- increase/(decrease) in trade and other payables	**(5,702)**	3,280
- increase/(decrease) in income taxes payable	**(5,440)**	(1,746)
- increase/(decrease) in provisions	**1,606**	(19,510)
Cashflows from operations	**58,368**	90,462

22 Contingencies

In the opinion of the Directors, the Company did not have any contingent assets or liabilities at 30 June 2019 or 30 June 2018.

23 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.

24 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

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2019, as set out on pages 5 to 38, are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in basis of preparation note 1 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 as at 30 June 2019 and performance of the Company for the year ended on that date;

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

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

Director .... David Wadey

Director .... Emma Birchall

Dated: 26 September 2019

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INDEPENDENT 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 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(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 2019 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.

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309

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

RSD Audit
Chartered Accountants

P. P Delahunty
Partner
Bendigo
Dated: 30 September 2019

Notes to the Financial Statements

For the Year Ended 30 June 2019

21 Cash Flow Information

	2019 $	2018 $
Reconciliation of net income to net cash provided by operating activities:		
Profit for the year	**22,975**	59,069
Non-cash flows in profit:		
- amortisation	**11,695**	11,598
- depreciation	**28,814**	29,409
- gain on disposal of fixed assets	**-**	(1,760)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**3,880**	548
- (increase)/decrease in prepayments and other assets	**-**	166
- (increase)/decrease in deferred tax asset	**540**	9,408
- increase/(decrease) in trade and other payables	**(5,702)**	3,280
- increase/(decrease) in income taxes payable	**(5,440)**	(1,746)
- increase/(decrease) in provisions	**1,606**	(19,510)
Cashflows from operations	**58,368**	90,462

22 Contingencies

In the opinion of the Directors, the Company did not have any contingent assets or liabilities at 30 June 2019 or 30 June 2018.

23 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.

24 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

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2019, as set out on pages 5 to 38, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation note 1 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 as at 30 June 2019 and performance of the Company for the year ended on that date;

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

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

Director ....
David Wadey

Director ....
Emma Birchall

Dated: 26 September 2019

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INDEPENDENT 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 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(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 2019 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.

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 60 616 244 309

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.

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RSD Audit
Chartered Accountants

P. P Delahunty
Partner
Bendigo
Dated: 30 September 2019

Heyfield & District Community Bank Branch
Shop 3 58/60 Temple Street, Heyfield VIC 3858
Phone: 5148 2312 Fax: 5148 2896

Franchisee: Heyfield & District Community Financial Services Ltd
54 Temple Street, Heyfield VIC 3858
Phone: 5148 2312 Fax: 5148 2896
ABN: 96 094 854 949
Email: admin@hdfs.net.au

Share Registry: Lead Advisory Group

www.bendigobank.com.au/Heyfield
(S56052) (507691_v1) (28/10/2019)

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