

Highett Community Financial Services Limited

ABN 23 094 393 683

2018 Annual Report



Contents

Chairman's report	2
Manager's report	4
Bendigo and Adelaide Bank report	5
Directors' report	6
Auditor's independence declaration	14
Financial statements	15
Notes to the financial statements	21
Directors' declaration	30
Independent audit report	31

Chairman's report

For year ending 30 June 2018



As the Chairperson of Highbett Community Financial Services Limited it gives me great pleasure to present our Annual Report.

Business environment

There are two key environmental factors that come to mind in relation to 2017/18. The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry established on 14 December 2017 has been of great interest to the banking industry, general public and social commentators. An interim report is expected by 30 September 2018 and the final report is expected by 1 February 2019. Second, the low interest situation remains a continuing challenge for the bank and the whole sector. Fortunately, we successfully increased our income while keeping our expenses in check.

Profit before tax and community returns

Our profit before tax is \$23,851, and over \$200,000 has been dispersed through community returns, donations and sponsorships.

Total Gross Income	\$997,971	Up 7% from prior year
Less Total Expenses	(\$974,120)	Up 24% from prior year
Profit before Tax	\$23,851	
Add back Community Returns, Donations and Sponsorships	\$204,817	Up 104% from prior year
Profit before tax and community returns	\$228,668	Down 9% from prior year

Community investment

We have received many and varied requests for funding throughout 2017/18 and invested \$204,817 into different segments of our community.

Community returns	\$109,365
Donations	\$13,200
Sponsorship	\$82,252
Total for 2017/18	\$204,817

Worthwhile projects and community organisations in which we have invested include: BayCISS (SmartKids Program), Bayside Cricket Club, Bentleigh Junior Football Club, Berendale School, Brighton District Cricket Club, Cheltenham Park Cricket Club, Cheltenham Secondary College, Dandenong White Star Soccer Club, East Sandringham Cricket Club, Food for Change, Hampton Hammers Football Club, Hampton Bowls Club, Highbett Bowls Club, Highbett Football Netball Club, Highbett Neighbourhood Community House Inc., Highbett Youth Club (ongoing loan payment for new building), Holy Trinity Parish/St Catherine's Primary School Moorabbin (Arrowsmith Program), Kimekai Karate, Kingston Arts Centre, Moorabbin Bowling Club, Moorabbin Kangaroos Football Club, Moorabbin Little Athletics, Moorabbin Primary School, Moorabbin Rugby Union FC, Parish of St. David's Moorabbin, St Vincent de Paul and Southmoor Primary School.

Chairman's report (continued)

As shown below, our total returns as at 30 June 2018 are an impressive \$2.555 million.

Dividends / returns to shareholders	\$573,432	122% return to initial shareholders
Donations and community returns	\$1,133,766	
Sponsorship	\$847,824	
Total community returns	\$2,555,022	

We will continue to support our community, provide continued returns to our shareholders and a sustainable **Community Bank®** branch for the Highett area. In this competitive and challenging operating environment, we have budgeted again for a modest growth and plan to increase our efforts in strengthening community partnerships.

Based on our profit and strong balance sheet this year, consistent with our Constitution, the Board has determined that a 10 cent fully Franked Dividend will be paid.

Branch staff

Our branch team has performed very well again this year under the leadership of Chris Wheeler (Branch Manager) and Daniel Leonov (Customer Relationship Manager). Robyn and Mandy have continued to make a great contribution and Jacob has been a welcome addition to our team. The standard of customer service continues to be excellent and satisfactory outcomes have been achieved for all site audits. We are pleased to celebrate and congratulate Chris on the achievement of 15 years of service to the company, our community and Bendigo Bank. I would also like to recognise the guidance provided to our branch team and Board by Mark Nolan (Regional Community Manager Melbourne Bayside) and the Bendigo and Adelaide Bank Limited support team.

The Board

We have seen some changes to our Board this year. We saw the departure of Elmo Joseph as well as two long serving Directors namely, Ross Newton OAM and Ian Orchard who have retired and moved into new chapters of their lives. We thank them sincerely for their contribution and efforts. Matthew Donovan, Skye Hardie, Rowland Hassall, Les Heimann OAM, Nola McConchie and Brian Octigan have continued to play important roles on the Board. We have also welcomed two new Directors Jasmine Parker and Caren Walliser who are already making a great contribution and bringing some new insights to Board discussions.

Brian commenced 2017/18 as our Chairperson and was followed by Rowland from January to March 2018 prior to my appointment. Since March we have been conducting a Board Operational Review which the intention to strengthen our overall Board capacity and sustainability of the company. We are pleased to announce our intention to strengthen and deepen relationships with five important community organisations which positively impact our community: Arrowsmith Program, BayCISS, Food for Change, Highett Neighbourhood Community House and Highett Youth Club. We will also continue to support other worthwhile projects and community organisations with a view to encouraging greater reciprocity to realise mutual benefits.

I would also like to recognise the vital role undertaken by the capable and resourceful Mary Fordyce (Administrator/Minute Secretary). Mary's work ethic, attention to detail and positive outlook have been a tremendous support through the recent transitions and changes.

Thank you for your support

In closing, I would like to thank our shareholders and customers who play a crucial role in our success and sustainability. The company can look forward to continuing and improved outcomes with the support of our staff, customers, shareholders and the local community.



Dr. Robyn Cochrane
Chairperson

Manager's report

For year ending 30 June 2018



With another year of operation coming to a close, this is a great opportunity to reflect on the year that was, both the successes and the challenges.

Despite the extremely competitive market the Highett **Community Bank**[®] Branch has had a successful year, with total footings now at \$165.9 million. This has allowed our total community investment to surpass \$2.5 million, which is a fantastic achievement. For the next financial year our focus will be on continuing to grow our footings and build upon our strong community presence.

We are indeed very proud of the community projects we have contributed to as well as the sponsorships and grants that have been provided throughout the year. In doing this, we are fulfilling the essence of what it is to be a **Community Bank**[®] branch. One project where we are particularly proud is our contribution towards the Holy Trinity Parish's Arrowsmith Program. This Program uses neuroscientific application to assist students to strengthen their cognitive capacities to help correct a range of learning difficulties.

The banking industry is currently a changing landscape, with tighter restrictions being imposed on lending and compliance. This will invariably provide challenges in the foreseeable future. Our aim as a business is to continue to take a customer-centric approach and to provide exceptional customer service, knowledge and expertise that will assist our customers to reach their financial goals. Underpinning this is our desire to continually invest in partnering with and supporting local community groups. We are looking to reinforce the idea that a successful community leads to a successful business. To achieve this, a focal point will be reconnecting with our local community, both from a branch staff and Board level.

To have a successful business and achieve our goals, we must have the right people in place who will rise to the challenges ahead. In saying this, I would like to thank our staff Mandy, Robyn and Daniel for their continued hard work and dedication to ensure that our clients, both new and existing, are well looked after. During the year we also welcomed Jacob to our team, who has fit into the role and team seamlessly.

It is with pride that I say this year marks my 15th year as Branch Manager. I have had the great pleasure of contributing to and watching this branch grow from virtually its inception into the successful business it is today. I would like to say a heartfelt thank you to my Board, staff and the Bendigo and Adelaide Bank Limited Melbourne Bayside Region for their consistent support during the ups and downs.

Finally, I would like to thank our shareholders and customers. You are the most integral part of our business. Your banking is building a stronger, more prosperous community and the more new customers and business we can attract, the more we can all make a difference.

I wish everyone a successful year ahead.

A handwritten signature in black ink that reads "Chris Wheeler". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Chris Wheeler
Branch Manager

Bendigo and Adelaide Bank report

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

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

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

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

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

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

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

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

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

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

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



Robert Musgrove
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2018

Director profiles



Dr Robyn Cochrane

“Many of the community organisations that I have been involved with have received grants and these grants were making a difference. I wanted to put my time and energy into something special that would have a local impact and this is it! I love the idea that by banking locally we are generating profits that directly benefit our community.”

Occupation: Lead Researcher/Small Business Owner (Cochrane Research Solutions) and part-time Research Associate with Monash Business School, Monash University.

Work background: Over 25 years of experience in research, policy, planning and teaching roles in the higher education, vocational education and training, local government and community sectors.

Qualifications: PhD in Management, Certificate IV in Quality Management and Assurance, Applied Certificate in Project Management.

Community: Currently Secretary of Bayside Glen Eira Kingston Local Learning and Employment Network (BGKLEN). Previously Secretary of Highett Football Club and a Committee member with local community organisations (Bruthen Street Kindergarten, Highett Pre-School and Moorabbin Primary School).

Other Directorships: NIL

Former Directorships in last 3 years: NIL

Board sub-committees: Business Development, Human Resources and Culture

Interest in shares: NIL



Matthew Donovan

“I love the Bendigo Bank **Community Bank**® model and felt that by being a part of the Board I could help drive the Highett **Community Bank**® Branch forward so that we could give even more back to our local community.”

Occupation: Founder and CEO of the Food for Change Foundation.

Work background: Over 10 years' experience running various cleaning companies across Australia. Prior to this worked for American Express in London.

Qualifications: Bachelors' Degree in Exercise Physiology.

Community: Currently involved with Food for Change. I have previously volunteered with Make a Wish Foundation, Fare Share and the Salvation Army.

Other Directorships: 1

Former Directorships in last 3 years: NIL

Board sub-committees: Business Development

Interest in shares: NIL

Directors' report (continued)

Director profiles (continued)



Skye Hardie

“The importance of contributing towards building an inclusive and vibrant local community has become increasingly clear to me, particularly since having children. I want my kids to grow up knowing that they can make a difference and be willing to do so for themselves and others.”

Occupation: Chartered Accountant

Work background: Over 20 years' experience working as a Chartered Accountant in FMCG and banking sectors, in roles covering assurance, management accounting, performance insights and data analytics. Currently working part time in finance role in an IP Law Firm.

Qualifications: GAICD, CA

Community: Current Treasurer of Hampton Rovers Junior Football Club.

Other Directorships: As above, and for our Family Trust.

Former Directorships in last 3 years: NIL

Board sub-committees: Finance and Assets

Interest in shares: 900



Rowland Hassall

“I became a shareholder when the original call to support a **Community Bank**[®] branch was proposed. It's the people, the community that give a place its character, and I want people to come to Highett and be part of our community. Being on the HCFSL Board is a great opportunity to support the community.”

Occupation: Principal and Sole Director of Hassall's Litigation Services Pty Ltd. A suburban legal firm servicing the local area and many others from farther afield.

Work background: Started legal practice in 1979 and it has grown to what it is now with 3 lawyers and 6 support staff doing building disputes, family law and debt collection as well as Wills and Power of Attorney.

Qualifications: B. Juris, LL.B. Monash

Community: Currently on the Committee of Management of the Bayside Community Information and Support Service Inc (BayCISS)

Other Directorships: 3

Former Directorships in last 3 years: NIL

Board sub-committees: Governance

Interest in shares: 4,500 ordinary shares

Directors' report *(continued)*

Director profiles (continued)



Leslie Heimann OAM

“The Highett Chamber of Commerce President (myself), Vice President Hugh McLean and Secretary Helen Heimann created this company because we saw a need to retain and strengthen our local community and provide banking services. Highett/Moorabbin is still a vibrant community because of the unique position of our company. Apart from the financial contributions we have provided, we have leveraged some \$6 million+ worth of community infrastructure.”

Occupation: Retired - volunteer

Work background: 36 years as a forensic accountant and litigator for the ATO including tax investigations and ultimately manager for all small business disputes in Victoria.

Qualifications: OAM, CPA

Community: Treasurer (Past President) of BGKLEN. Past President, Vice President and Committee member Highett Neighbourhood Community House, Unit President (Past President and Secretary) B'nai B'rith Victoria, Past Treasurer and Committee member Brighton Hebrew Congregation, Past Chair and Committee member Kingston Council Village Committee, Kingston Council Meals on Wheels volunteer and Past President Highett Chamber of Commerce.

Other Directorships: NIL

Former Directorships in last 3 years: NIL

Board sub-committees: Business Development, Finance and Assets

Interest in shares: 900



Elmo Joseph

“Community Bank® branches have a critical role in keeping their local economies vibrant. I am keen on being part of the challenges facing community banking institutions to meet the future needs of local communities.”

Occupation: Retired, now a volunteer

Work background: 25 years in superannuation, investments and funds management including 7 years at Australian Eagle managing a national portfolio of properties.

Qualifications: Graduate Diploma of Corporate Finance, Associate Member of Institute of Chartered Secretaries of Australia, Associate Member of Governance Institute.

Community: Currently a voluntary Community Services Advisor with Bayside Community Information and Support Service Inc (BayCISS).

Other Directorships: NIL

Former Directorships in last 3 years: NIL

Board sub-committees: Governance

Interest in shares: NIL

Directors' report *(continued)*

Director profiles (continued)



Nola McConchie

“Being a Director of Highett Community Financial Services Limited instils a pride in being part of the Highett community, generating income through the **Community Bank**® branch to be shared with schools, sporting groups and other community groups in our area.”

Occupation: Principal of Mallee and City Management Services.

Work background: Spent many years as owner and operator of local business providing taxation services to individuals and various business entities.

Qualifications: Chartered Tax Advisor, Member of the Tax Institute

Community: Over the years have been involved with local Community Groups, Sports Clubs and Sporting Organisations.

Other Directorships: NIL

Former Directorships in last 3 years: NIL

Board sub-committees: Finance and Assets, Human Resources and Culture

Interest in shares: 1,350



Ross Newton OAM

“There are so many hard-working community groups in the Highett area (all run by volunteers) and I am delighted whenever Highett **Community Bank**® Branch (whose Directors are all volunteers) can assist them in achieving their goals.”

Occupation: Retired, now a volunteer

Work background: 10 years' experience in various roles within the Liquor Industry. 35 prior years in the Information Technology Industry in various roles including IT Management supporting financial services and manufacturing businesses.

Qualifications: Diploma of Information Technology. Received an Order of Australia Medal in 2009 for service to a range of community organisations.

Community: Over the years have been involved in many local community organisations. Currently Chairperson 'Order of Australia Association (Southern), Life Member of Brighton Philatelic Society Inc and Past Chairperson Neighbourhood Watch Bayside.

Other Directorships: NIL

Former Directorships in last 3 years: NIL

Board sub-committees: Finance and Assets, Business Development

Interest in shares: 1,350

Directors' report *(continued)*

Director profiles (continued)



Brian Octigan

“ My experience with the Highett Community Financial Services Limited has given me the opportunity to assist and mix with various community and sporting groups over 17 years with the bank. This has exposed me to people who care about their community groups, putting a large amount of time and energy in to their group. It has been a privilege to assist these people with my fellow Directors.”

Occupation: Retired

Work background: 30 years' experience as a Licensed Land Surveyor working through various States of Australia.

Qualifications: 20 years' experience as a Director of St Agnes Co-Operative

Community: Involved in many local community organisations notably Moorabbin Lions and St Vincent De Paul Conference.

Other Directorships: Director of the Octigan Overseas Travel Agency

Former Directorships in last 3 years: NIL

Board sub-committees: Finance and Assets

Interest in shares: 2,430



Ian Orchard

“ It's great for kids to participate in sport and it's also great that **Community Bank®** branches can support many local sporting clubs and help keep them going. These clubs help create a 'Sense of Belonging and Purpose' for all associated with them, which is very important for the overall good of our community.”

Occupation: Retired

Work background: Worked 18 years in a local accounting firm specialising in Superannuation Audit and Compliance. Prior work experience consisted of 26 years working in the management of 'Information Systems' for the Financial Services Industry.

Qualifications: Master of Information Systems

Community: No official positions, performed various match day roles for Hampton Junior Soccer Club and Sandringham Saints Basketball Club.

Other Directorships: 2 current Directorships (Imojs Superannuation Pty Ltd and Imojs Pty Ltd)

Former Directorships in last 3 years: NIL

Board sub-committees: Finance and Assets, Governance

Interest in shares: NIL

Directors' report *(continued)*

Director profiles (continued)



Jasmine Parker

“I have consistently been impressed with Highett **Community Bank**® Branch as fostering and reinforcing the strong sense of community in the area. It's a privilege to be a part of the Board – helping shape the future of a trusted local brand whilst creating positive change in the community.”

Occupation: Student of Bachelor of Commerce (Human Resource Management) and Bachelor of Public Health and Health Promotion at Deakin University.

Work background: Almost 20 years of experience working in administration, coordination, and project management roles in the not-for-profit sector in health and social care.

Qualifications: PRINCE2 Certified Project Manager, Managing Successful Programs Certified Program Manager, Certificate IV in Training and Assessment.

Community: Previously Vice President of Bruthen Street Kindergarten, Community Visitor for the Office of the Public Advocate, and Board Member of RSPCA - Central London Branch (UK).

Other Directorships: NIL

Former Directorships in last 3 years: NIL

Board sub-committees: Governance

Interest in shares: NIL



Caren Walliser

“Since immigrating to Australia, we have made our home in Bayside for 19 years. It has provided my family with community support, friendship and a sense of belonging. Volunteering is a way to give back to this incredible community. HCFSL supports many organisations in Bayside and has made a positive impact in the community. I see my role in this **Community Bank**® branch as supporting the business development sub-committee and any other assistance that I may be able to provide to the Board of HCFSL.”

Occupation: Tax Accountant

Work background: I practised in the external audit and internal audit sector for 11 years in South Africa, and one year in Australia. For the last 16 years I have practised as a tax accountant and assistant SMSF auditor.

Qualifications: Bachelor of Accounting Science (Honours), Certified Public Accountant.

Community: Current Treasurer Cheltenham Park Cricket Club, Treasurer Olympic Avenue Kindergarten in 2006.

Other Directorships: NIL

Former Directorships in last 3 years: NIL

Board sub-committees: Business Development

Interest in shares: NIL

Directors' report (continued)

Directors' meetings

During the 2017/18 year, 11 Directors' meetings were held. Attendances by each Director were as follows:

Director	Meetings as Director	Meetings attended	Director details
Dr Robyn Cochrane	11	11	Director since 2008
Matthew Donovan	11	9	Director since 2017
Skye Hardie	11	11	Director since 2017
Rowland Hassall	11	10	Director since 2017
Les Heimann OAM	11	10	Director since 2001
Elmo Joseph	8	5	Resigned 26 March 2018
Nola McConchie	11	9	Director since 2001
Ross Newton OAM	5	5	Resigned 27 November 2017
Brian Octigan	11	11	Director since 2001
Ian Orchard	5	4	Resigned 27 November 2017
Jasmine Parker	3	3	Co-opted on 26 March 2018
Caren Walliser	3	2	Co-opted on 30 April 2018

Directors are involved in various Board sub-committees that meet throughout the year. These meetings involve discussing specific topics. Where Director decisions are required, recommendations are made to the Board of Directors and dealt with at the regular Director meetings. Directors effectively make all decisions at the regular Director's meetings, hence attendance at 'Sub Committee' meetings has not been disclosed.

Operating result

The profit of the company for the financial year after providing for community returns, sponsorship and income tax amounted to:

Financial year ended	30 June 2018	30 June 2017
Net Profit after Tax	\$8,819	\$104,689

Review of operations

A review of the operations of the company during the financial year and the results of those operations highlights a modest increase in both income received and expenses. The income reflects the business held and generated over the period. The modest increase in recorded expenses is mainly due to an increase in Community Returns.

Principal activities

The principal activities of the company during the course of the year were Financial Services. No significant change in the nature of these activities occurred during the year.

After reporting date events

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 subsequent financial years.

Future developments

The company expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

Directors' report (continued)

Environmental issues

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

Dividends

A fully Franked Dividend was paid during the period for the 2018 year. In line with our constitution the Board has determined that a 10 cent fully Franked Dividend will be paid in the 2019 financial year.

Options

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

Directors' interests in shares of the company or related bodies corporate

The particulars of shares held by the Directors of the company in the company or in related bodies corporate have been noted and are declared in the register of Directors' shareholdings.

Directors' benefits

No Director other than Matthew Donovan has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. Matthew Donovan has been engaged as an independent contractor by the Board to provide professional services and assistance with the Board Operational Review.

Community Bank® Directors' Privileges Package for 2017/18: in recognition of their contribution, Directors are offered the benefits currently available to Bendigo and Adelaide Bank shareholders via the Bank's Shareholder Privileges Package, apart from insurance, where Directors enjoy greater discounts.

Indemnification and insurance of Directors and Officers

The company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as Directors or Manager of the company except where the liability arises out of conduct involving the lack of good faith. Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for the auditor of the company or a related body corporate.

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.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* and has been included in this report.

Signed in accordance with a resolution by the Board of Directors



Dr. Robyn Cochrane,
Director/Chairperson

Date: 24 September 2018



Skye Hardie,
Director/Treasurer

Auditor's independence declaration

AUDITOR'S INDEPENDENCE DECLARATION TO THE MEMBERS OF HIGHETT COMMUNITY FINANCIAL SERVICES LTD ABN 23 094 393 683

To Highett Community Financial Services Ltd

As lead auditor for the audit of Highett Community Financial Services Ltd for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- (i) No contraventions of the independence requirements of the Corporations Act in relation to the audit, and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

ALKEMADE & ASSOCIATES



**Registered Auditor 8799
Melbourne**

Date: 17th day of September 2018

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue			
Revenue from ordinary activities	4	996,328	924,960
Other income	5	1,643	8,352
Total revenue		997,971	933,312
Expenses			
Community returns (donations & grants)		(122,565)	(56,040)
Sponsorship		(82,252)	(44,407)
Marketing expenses		(14,239)	(11,371)
Employee and associated costs		(443,293)	(391,976)
Occupancy and associated costs		(98,907)	(97,283)
System costs		(57,193)	(56,708)
Depreciation and amortisation	6	(17,362)	(19,046)
General administration expenses		(138,309)	(106,642)
Total expenses		(974,120)	(783,474)
Profit/(loss) before taxation		23,851	149,838
Income tax expense			
Income tax expense	7	(15,032)	(45,149)
Total income tax expense		(15,032)	(45,149)
Net profit after tax		8,819	104,689
Dividends provided for or paid			
Dividends provided for or paid	8	(46,418)	(46,418)
Total dividends provided for or paid		(46,418)	(46,418)
Other appropriations			
Other appropriations	16	10,000	10,000
Total other appropriations		10,000	10,000
Net profit after tax & dividends		(27,599)	68,271

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Financial statements (continued)

Balance Sheet as at 30 June 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	9	745,271	765,926
Receivables	10	83,785	81,494
Taxation	15	19,380	-
Total current assets		848,436	847,420
Non-current assets			
Property, plant and equipment	11	153,123	175,512
Intangibles	12	28,306	38,306
Total non-current assets		181,429	213,818
Total assets		1,029,865	1,061,238
Liabilities			
Current liabilities			
Payables	13	(44)	106
Employee entitlements	14	105,734	81,257
Taxation	15	-	19,036
Total current liabilities		105,690	100,399
Non-current liabilities			
Payables	13	15,557	14,622
Financial liabilities	16	60,000	70,000
Total non-current liabilities		75,557	84,622
Total liabilities		181,247	185,021
Net assets		848,619	876,217
Equity			
Retained earnings	18	384,444	412,042
Share capital	17	464,175	464,175
Total equity		848,619	876,217

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2018

	Issued capital \$	Accumulated profits \$	Accumulated reserves \$	Total equity \$
Transactions - 2017				
Balance as at 1 July 2016	464,175	343,771	-	807,946
Total comprehensive income for the year	-	104,689	-	104,689
Transactions	-	-	-	-
Transfer to Highett Youth Club Liability from Accumulated Profit	-	10,000	-	10,000
Dividends provided for or paid	-	(46,418)	-	(46,418)
Balance as at 30 June 2017	464,175	412,042	-	876,217
Transactions - 2018				
Balance as at 1 July 2017	464,175	412,042	-	876,217
Total comprehensive income for the year	-	8,820	-	8,820
Transactions	-	-	-	-
Transfer to Highett Youth Club Liability from Accumulated Profit	-	10,000	-	10,000
Dividends provided for or paid	-	(46,418)	-	(46,418)
Balance as at 30 June 2018	464,175	384,444	-	848,619

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2018

	2018 \$	2017 \$
Operating activities		
Receipt from customers	1,082,707	915,129
Payments to suppliers and employees	(1,003,216)	(729,015)
Interest received	12,209	13,747
Interest and other costs of finance paid	(32,112)	(30,486)
Income tax refunded/(paid)	(48,983)	(56,158)
Net cash flows from operating activities	10,605	113,217
Investing activities		
Proceeds from sales of property, plant and equipment	15,000	-
Payment for property, plant and equipment	(778)	(3,554)
Other cash items from investing activities	-	-
Net cash flows from investing activities	14,223	(3,554)
Financing activities		
Dividends provided for or paid	(46,418)	(46,418)
Unclaimed dividend monies	935	3,077
Net cash flows from financing activities	(45,483)	(43,341)
Net cash flows	(20,655)	66,322
Cash and cash equivalents		
Cash and cash equivalents at beginning of period	765,926	699,604
Cash and cash equivalents at end of period	745,271	765,926
Net change in cash for period	(20,655)	66,322

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2018 (continued)

Note 1. Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

Cash at the end of the year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2018	2017
Cash and cash equivalents		
1201 - General Cheque A/C	74,415	172,376
1202 - Market Development A/C	2,330	6
1203 - Manager's Visa A/C	731	658
1205 - Terminal Rental A/C	646	1,026
1206 - Everyday Business A/C	39,824	33,824
1207 - Dividend Payments A/C	1,037	6,914
2501 - Term Deposit	324,407	324,407
2503 - Bendigo Gold 6 Month	301,787	226,715
Petty cash	95	-
Total cash and cash equivalents	745,271	765,926

Note 2. Reconciliation of net cash provided by/used in operating activities to net profit

	2018	2017
Net cash provided by operating activities		
Profit from ordinary activities after tax	8,819	104,689
Non cash items:		
Depreciation	2,750	4,434
Amortisation	14,613	14,612
Changes in assets/(liabilities)		
Increase/(decrease) in Tax Liabilities	(34,304)	(11,870)
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase)/decrease in plant & equipment assets	804	-
Other		
(Increase)/decrease in receivables	(2,291)	(4,593)
(Increase)/decrease in other financial assets	-	-
Increase/(decrease) in payables	(150)	106
Increase/(decrease) in employee entitlements	20,364	5,839
Total net cash provided by operating activities	10,604	113,217

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Financial statements (continued)

Tax reconciliation for the year ended 30 June 2018

	2018
Tax reconciliation	
Accounting profit for period	
Profit for period	23,851
Total accounting profit for period	23,851
Addbacks	
Directors' reimbursements (non-deductible)	5,560
Entertainment	4,886
Provision for annual leave 30 June 2018	38,350
Provision for long service leave 30 June 2018	46,719
Superannuation payable 30 June 2018	3,113
Total addbacks	98,628
Deductions	
Provision for annual leave 30 June 2017	34,471
Provision for long service leave 30 June 2017	33,347
Total deductions	67,818
Taxable profit	54,661
Tax payable	15,032
Net profit available for shareholders	39,629

The accompanying notes form part of these financial statements. These statements should be read in conjunction with the attached compilation report.

Notes to the financial statements

For year ended 30 June 2018

1. Statement of Significant Accounting Policies

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

The financial statements cover Highett Community Financial Services Limited as an individual entity. Highett Community Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia.

A. Basis of Preparation

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

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

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally. The financial statements are presented in Australian dollars which is the company's functional and presentation currency.

Economic Dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank® branch at Highett, Victoria. The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited.

The company manages the Community Bank® branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

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

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank® 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.

Notes to the financial statements (continued)

B. Accounting Policies

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

Revenue

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

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business. This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company. The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example, in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its Community Bank® partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and Community Bank® companies remain balanced.

The third source of revenue is a proportion of the fees and charges charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

Income Tax

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

Employee Benefits

Provision is made for the liability for employee entitlements arising from services rendered by employees to balance date. Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries, annual leave and sick leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash out flows to be made for those entitlements.

Contributions are made by Highett Community Financial Services Limited to an employee superannuation fund and are charged as expenses when incurred.

Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with banks or financial institutions, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts i.e. investments which are readily convertible to known amounts of cash and subject to an insignificant risk of change in value.

Trade Receivables and Payables

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

Notes to the financial statements (continued)

Property, Plant and Equipment

Each class of plant and equipment and leasehold improvements are carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The cost of the Leasehold Improvements includes all costs paid to contractors for provision of the improvements. Subsequent costs are included in the asset's carrying amount recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The depreciable amount of all fixed assets including capitalised leased assets, is depreciated on a diminishing value basis over their useful lives to Highett Community Financial Services Limited commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An assets' carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement.

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

- Leasehold Improvements	40 Years
- Plant and Equipment	2.5 - 40 Years
- Motor Vehicle	8 Years

Intangibles

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

Leases

Lease payments under operating leases, where substantially all the risks and benefits remain with the leaser, are charged as expenses in the periods in which they are incurred.

Our branch operating premises at 322 - 324 Highett Road, Highett VIC 3190 is currently leased until 18th March 2021 with a further 3 options of 5 years. The next review date is 18th March 2021.

Provisions

Provisions are recognised when Highett Community Financial Services Limited has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

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

Contributed Equity

Ordinary shares are recognised at the fair value of the consideration received by the company.
All Ordinary Shares were issued at \$1.00 per share.

Capital Management

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

Notes to the financial statements (continued)

In accordance with the franchise agreement, the funds distributed to shareholders shall not exceed the distribution limit of 20% of available profit for distribution for any 12 month period.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations, grants and sponsorship. There were no changes in the company's approach to capital management during the year.

Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the Statement of cash flows statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

2. Financial Risk Management

The company's activities expose it to a limited variety of financial risks: market risk, price risk, credit risk, liquidity risk and cash flow interest rate risk.

Market Risk

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

Price Risk

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

Credit Risk

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

Liquidity Risk

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

Cash Flow Interest Rate Risk

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

Notes to the financial statements (continued)

3. Critical Accounting Estimates and Judgements

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

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

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

Taxation

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

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

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstance, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of Useful Lives of Assets

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

Impairment of Assets

At each reporting date, the directors review the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement. Where it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs.

	2018	2017
4. Revenue from Ordinary Activities		
Gross Margin Income	861,749	755,898
Upfront Product Commission	17,628	13,560
Trailer Product Commission	22,524	52,991
Fee Income	71,595	70,960
Market Development Fund Income	10,000	17,500
Terminal Rental Income	268	812
Interest	12,564	13,239
Total Revenue from Ordinary Activities	996,328	924,960

Notes to the financial statements (continued)

	2018	2017
5. Other Income		
Employee FBT Contribution	3,810	8,352
Profit on sale of property, plant & equipment	(2,168)	-
Total Other Income	1,643	8,352
	2018	2017
6. Profit from Ordinary Activities		
Profit (loss) from ordinary activities before income tax has been determined after charging as Expense:	-	-
Amortisation	14,613	14,612
Depreciation	2,750	4,434
Total Profit from Ordinary Activities	17,362	19,046
	2018	2017
7. Income Tax Expense		
The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax as follows:	-	-
Income Tax Expense	15,032	45,149
Total Income Tax Expense	15,032	45,149
	2018	2017
8. Dividends Provided For or Paid		
Dividends Provided For or Paid	46,418	46,418
Total Dividends Provided For or Paid	46,418	46,418
	2018	2017
9. Cash and Cash Equivalents		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the below figures:	-	-
Bank Accounts	119,077	214,804
Term Deposits	626,194	551,122
Total Cash and Cash Equivalents	745,271	765,926
	2018	2017
10. Receivables		
Profit Share Receivables	80,172	78,235
Accrued Interest Receivable	3,613	3,258
Total Receivables	83,785	81,494
	2018	2017
11. Property Plant and Equipment		
Leasehold Improvements		
At Cost	222,805	222,805

Notes to the financial statements (continued)

Less Accumulated Depreciation	(72,189)	(67,006)
Total Leasehold Improvements	150,616	155,799
Plant and Equipment		
At Cost	32,153	31,376
Less Accumulated Depreciation	(29,646)	(28,890)
Total Plant and Equipment	2,507	2,486
Motor Vehicles		
At Cost	-	43,824
Less Accumulated Depreciation	-	(26,597)
Total Motor Vehicles	-	17,227
Total Property Plant and Equipment	153,123	175,512
	2018	2017
12. Intangibles		
Franchise Fees		
At Cost	50,000	50,000
Less Accumulated Amortisation	(21,694)	(11,694)
Total Franchise Fees	28,306	38,306
Total Intangibles	28,306	38,306
	2018	2017
13. Payables		
Current		
Trade Creditors	(44)	106
Total Current	(44)	106
Non Current		
Unclaimed Dividend & Return of Capital Monies	15,557	14,622
Total Non Current	15,557	14,622
Total Payables	15,513	14,728
	2018	2017
14. Employee Entitlements		
PAYG Withholding Payable	17,551	13,439
Superannuation Payable	3,113	-
Provisions		
Prov'n for Holiday Pay	38,350	34,471
Prov'n for Long Service Leave	46,719	33,347
Total Provisions	85,069	67,817
Total Employee Entitlements	105,734	81,257

Notes to the financial statements (continued)

	2018	2017
15. Taxation		
GST	802	5,267
Provision For Taxation	(20,182)	4,777
Other Creditors - ATO	-	8,992
Total Taxation	(19,380)	19,036
	2018	2017

16. Financial Liabilities

Non Current

Unsecured

Highbett Youth Club	60,000	70,000
Total Unsecured	60,000	70,000
Total Non Current	60,000	70,000
Total Financial Liabilities	60,000	70,000

\$100,000 was provided to Highbett Youth Club to assist with the New Club Building, and a loan account was established during the 2015 financial year. The principal is to be paid by HCFS LTD in 10 annual instalments of \$10,000, 6 Instalments are still to be paid.

	2018	2017
17. Contributed Capital		
Issued & Paid Up Capital	464,175	464,175
Total Contributed Capital	464,175	464,175

Ordinary shares at \$1.00 each fully paid

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

18. Accumulated Profits

Financial Year	2018	2017
Balance at beginning of reporting period	412,042	343,771
Transfer from/to Reserve from Accumulated Profits	0	0
Transfer from Accumulated Profit to Non Current Liability	10,000	10,000
Dividends Provided For or Paid	(46,418)	(46,418)
Net Profit after Tax	8,820	104,689
Balance at the reporting date	384,444	412,042

Notes to the financial statements (continued)

19. Operating Lease Commitments

Noncancelable operating leases contracted for but not capitalised in the Financial Statements

Payable - estimated minimum lease payment

Financial Year	2018	2017
- Next 12 months	73,000	70,000
- Between 12 months and next review on 18th March 2021	129,000	260,000

20. Superannuation Commitments

The entity participated in several Industry Superannuation Funds to provide benefits to employees on retirement, death or disability. Benefits provided under the plan are based on accumulated contributions and earnings for each employee.

Employees contribute various percentages of their gross income and the company also contributes at the rate of 12%.

21. Auditor's Remuneration

Remuneration of the auditor of the company for preparation of the annual audit report:

Financial Year	2018	2017
Auditor's Remuneration	4,000	4,000

22. Key Management Personnel Disclosures

No Director of the company receives remuneration for services as a company director. There are no executives within the company whose remuneration is required to be disclosed.

23. Events Occurring After the Reporting Date

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

24. Contingent Liabilities

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

25. Registered Office and Principal Place of Business

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

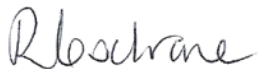
322-324 Highett Road
Highett VIC 3190

Directors' declaration

The Directors of the company declare that:

1. the financial statements and notes are in accordance with the *Corporations Act 2001* and:
 - a) comply with Accounting Standards and the Corporations Regulations; and
 - b) give a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date;
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.



Dr. Robyn Cochrane,
Director/Chairperson



Skye Hardie,
Director/Treasurer

Date: 24 September 2018

Independent audit report

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF HIGHETT COMMUNITY FINANCIAL SERVICES LTD ABN 51 004 313 142

We have audited the attached financial report of Highett Community Financial Services Ltd for the year ended 30 June 2018. The Directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Unqualified Audit Opinion

In our opinion, the financial report of Highett Community Financial Services Ltd is in accordance with:

1. the Corporations Act 2001, including:
 - (a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
 - (b) complying with Accounting Standards to the extent described in Note 1 and the Corporations Regulations; and
2. other mandatory professional reporting requirements to the extent described in Note 1

ALKEMADE & ASSOCIATES



Registered Auditor 8799
Melbourne
Date: 17th day of September 2018

Highett **Community Bank**[®] Branch
322-324 Highett Road, Highett VIC 3190
Phone: (03) 9555 6055 Fax: (03) 9553 0611

Franchisee: Highett Community Financial Services Limited
322-324 Highett Road, Highett VIC 3190
Phone: (03) 9555 6055 Fax: (03) 9553 0611
ABN: 23 094 393 683

www.highettcb.com
www.bendigobank.com.au/highett

(BNPAR18010) (09/18)

This Annual Report has been printed on 100% Recycled Paper



bendigobank.com.au

