

# Highett Community Financial Services Limited

ABN 23 094 393 683

Highett Community Bank Branch

## 2019 Annual Report



Front cover photos (top to bottom): Highett Youth Club, Kimekai Karate, City of Kingston Artz Blitz (photo by Shuttermain), Highett Community Bank Branch staff, HCFSL Directors. Please see page 13 for information on these community impact stories.

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# Chairperson's report

For year ending 30 June 2019



As the Chairperson of Highett 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 2018/19. The release of the reports from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry has been of great interest to the banking industry, general public and social commentators. The attention and action generated by these reports has likely contributed to the second factor – it is a difficult climate for the banking sector and our branch team. There is an environment of low net customer growth, political uncertainty, subdued consumer confidence, low interest rates, increasing competition and rising costs. Fortunately, we have remained profitable, having increased our income while keeping our expenses in check. We also elected to take a conservative approach regarding community investment while establishing our new, revised approach for funding requests and acquittals.

## Profit before tax and community returns

Our profit before tax is \$136,106, and over \$130,000 has been dispersed through community returns, donations and sponsorships.

Total gross income	\$1,045,578	Up 5% from prior year
Less total expenses	(\$909,471)	Down 7% from prior year
Profit before tax	\$136,106	
Add back community returns, donations and sponsorships	\$133,159	Down 35%
<b>Profit before tax and community returns</b>	<b>\$269,265</b>	<b>Up 18% from prior year</b>

## Community investment

We have received many and varied requests for funding throughout 2018/19 and invested \$133,159 into different segments of our community. See our Community Impact Stories for more information about the worthwhile projects and community organisations supported.

Community returns	\$58,000
Donations	\$4,550
Sponsorship	\$70,609
<b>Total for 2018/19</b>	<b>\$133,159</b>

As shown below, our total returns as at 30 June 2019 are an impressive \$2,734,599.

Dividends / returns to shareholders	\$619,850
Donations and community returns	\$1,196,316
Sponsorship	\$918,433
<b>Total community returns</b>	<b>\$2,734,599</b>

# Chairperson's report (continued)

We will continue to support our community, provide 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 modest growth and plan to continue our focus on 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.

## **Our 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. We have seen the departure of Jacob and replacement Fiona who was with us for a short time and welcomed Stephanie to our team. The standard of customer service continues to be excellent and satisfactory outcomes have been achieved. I would 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 support team.

We have two staff members who work closely with the branch team and Board. I would like to recognise the contribution made by Mary Fordyce (Administrator/Minute Secretary). Mary's work ethic, attention to detail and positive outlook have been greatly appreciated, especially throughout the transitions and changes. We have recently welcomed Natalie Driessen into the newly created role of Community Liaison Co-ordinator. Natalie has been instrumental in supporting the Board's focus on strengthening community partnerships and establishing our new, revised approach for funding requests and acquittals.

## **The Board**

We have seen some further changes to our Board this year. We saw the departure of Matthew Donovan as well as two long serving Directors namely, Brian Octigan and Nola McConchie. We also sadly saw the passing of our long serving founding Director Les Heimann OAM. We thank them sincerely for their contribution and efforts. Skye Hardie, Rowland Hassall, Jasmine Parker and Caren Walliser have continued to play important roles on the Board. We have also welcomed a new Director, Maria Koutsimpiris, who is already making a great contribution and bringing new insights to Board discussions.


Following the completion of the Board Operational Review we have taken actions which focus on good governance, transparency and company sustainability:

- Outsourcing our Share Registry
- Moving to a Low Volume Market to support the transfer of shares
- Revising Board sub-committee structure and developing a suite of forward-looking policies and procedures
- Improving our local knowledge databases (community organisations and traders)
- Mapping Director skills and capabilities and preparing a new Director recruitment program
- Creating a Community Liaison Co-ordinator role to support the reconnecting, activating and strengthening of reciprocal community partnerships and improving our profile within the community and online
- Revising our approach for funding requests and acquittals.

We have also been active participants of the Bayside Region Cluster Committee and Directors Business Network.

## **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. Highett Community Financial Services Limited 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 2019



The close of the 2018/19 financial year brings with it a time to reflect upon the achievements we have made, as well as the challenges we have faced.

Retail banking continues to be a changing landscape which presents constant challenges and requires our business to be dynamic and adaptable. In the wake of the Banking Royal Commission, we operate in an environment of heightened regulatory scrutiny and greater consumer awareness. For Bendigo and Adelaide Bank Limited, we continue to see overall customer satisfaction at high levels as we continue our focus on our customers and the best outcomes for them.

The Highett Community Bank Branch continues to strengthen its focus on building community resilience. The provision of banking products to the wider public with a customer centric focus, underpins the framework which allows us to be an important asset in the growth of our community. Despite an extremely challenging year, we have maintained footings at \$166 million. Notwithstanding a slow growth year, we have still invested \$137,000 in grants, sponsorships and donations and supported a variety of community groups. Our total investment in the community since the branch opened now exceeds \$2.7 million, an achievement we are all truly proud of. Our desire to deepen our community relations will continue to be a focal point. We are pleased with the progress so far in strengthening existing partnerships with key organisations which are leading the way and having a positive impact in our area. These organisations include Highett Neighbourhood Community House, Bayside Glen Eira Kingston Local Learning and Employment Network (BGKLEEN), Bayside Community Information and Support Services (BayCISS) and the Highett Youth Club.

To continue to grow our business and provide ongoing investment in our community, we require the right mix of staff. Over the past 12 months, our dedicated team has delivered great customer service and done so with a passion to help clients fulfil their financial needs. For this, I would like to thank Mandy, Robyn and Daniel for their continued and consistent quality work and performance. We have also welcomed two new members into our team during the year. Stephanie has replaced Jacob in our frontline branch staff and is settling well into the role. Natalie is undertaking the newly established part-time role of Community Liaison Co-ordinator. Natalie's role focuses on strengthening the communication and relationships between Highett Community Bank Branch and the many community groups who have received funding or may be looking for funding in the future.

Most importantly, I would like to thank our customers for their business. Simply by banking with Highett Community Bank Branch, you are part of the bigger picture. Your banking allows us to continue to invest to build a more prosperous community for all. We will continue to strive to provide exceptional service to fulfil all your financial goals.

I would like to thank our shareholders for the important ongoing support and interest, it is greatly appreciated.

We wish everyone a successful 2019/20.

A handwritten signature in black ink that reads "Chris Wheeler". The signature is fluid and cursive.

**Chris Wheeler**  
**Branch Manager**



# Bendigo and Adelaide Bank report

For year ending 30 June 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**  
**Head of Community Support**  
**Bendigo and Adelaide Bank**

# Directors' report

For the financial year ended 30 June 2019

## 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).

**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 (Director until 12 December 2018)

“I love the Bendigo Bank community 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 evermore 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:** Previously Treasurer of Hampton Rovers Junior Football Club

**Other Directorships:** 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 Highett Community Financial Services Limited 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 three lawyers and six 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** (Director until 14 December 2018)

“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. The withdrawal of other banks from Highett impacted all local businesses and provided a driving force for the establishment of our local Community Bank branch. 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 more than \$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 BGKLLN. 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



**Maria Koutsimpiris**

“I grew up in Moorabbin and have lived most of my life in the Bayside area. I learnt the importance of community when my girls were younger in sessional kindergarten, local schools and involved with several community sports. I now have the capacity to leverage my governance, general management and strategic planning skills to help strengthen the Highett Community Bank Branch and increase the returns to our local community in the areas of building resilience, education and sport.”

**Occupation:** Strategy & Planning Executive

**Work background:** Over 20 years of corporate experience focused on strategic planning, project and general management at GM Holden and prior at Shell. I also spent a few years in Singapore leading Portfolio Planning for GM across Asia, Middle East, Africa and Australia and New Zealand.

**Qualifications:** GAICD, MBA, BEng / BSc

**Community:** Executive Mentor for NAWO (National Association of Women in Operations), Advisory Committee Member of Power of Engineering (charity that promotes Engineering to Year 9-10 girls)

**Other Directorships:** Sole Director of Modern Expression Pty Ltd

**Former Directorships in last 3 years:** NIL

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

**Interest in shares:** NIL

# Directors' report (continued)

## Director profiles (continued)



**Nola McConchie** (Director until 19 November 2018)

“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



**Brian Octigan** (Director until 30 July 2018)

“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:** Vice President of Highett Bowls Club, 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

# Directors' report (continued)

## Director profiles (continued)



### Jasmine Parker

“I have consistently been impressed with the 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:** Bachelor of Commerce student, Deakin University.

**Work background:** Extensive experience working in programme and project management roles in the not-for-profit sector in health, social justice, and social care.

**Qualifications:** Certificate IV Leadership & Management, PRINCE2 Certified Project Manager, Managing Successful Programs Certified Program Manager, Certificate IV Training & 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

“The Bayside community has been home to my family since we immigrated to Australia 20 years ago. Being part of a community also means that we should contribute towards that community. My experience in the last year with Highett Community Financial Services Limited and the community organisations they liaise with has been rewarding.”

**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 17 years I have practised as a tax accountant and assistant SMSF auditor.

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

**Community:** Treasurer Cheltenham Park Cricket Club 2010 - 2019, 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 2018/19 year, 10 Directors' meetings were held. Attendances by each Director were as follows:

Director	Meetings as Director	Meetings attended	Director details
Dr Robyn Cochrane	10	10	Director since 2008
Matthew Donovan	5	3	Resigned 12 December 2018
Skye Hardie	10	9	Director since 2016
Rowland Hassall	10	7	Director since 2017
Les Heimann OAM	5	3	Service ceased 14 December 2018
Maria Koutsimpiris	3	2	Co-opted 29 April 2019
Nola McConchie	4	1	Resigned 19 November 2018
Brian Octigan	1	1	Resigned 30 July 2018
Jasmine Parker	10	7	Director since 2018
Caren Walliser	10	8	Director since 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 2019	30 June 2018
Net Profit after Tax	\$96,676	\$8,819

## 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 income received and a modest decrease in expenses. The income reflects the business held and generated over the period. The decrease in recorded expenses is mainly due to decreased 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 2019 year. In line with our constitution the Board has determined that a 10 cent fully Franked Dividend will be paid in the 2020 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. As shown on page 21, Director reimbursements have been paid to compensate for expenses incurred.

Community Bank Directors' Privileges Package for 2018/19: 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.

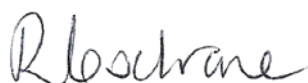
## Proceedings on behalf of company

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**



**Skye Hardie**  
**Director/Treasurer**

Date: 30 September 2019



# Community impact stories

Throughout 2018/19, we have invested in a variety of worthy projects and community organisations including:

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BayCISS (SmartKids Program)

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Bayside, Glen Eira, Kingston, Local Learning and Employment Network (BGKLEEN)

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Bentleigh Junior Football Club

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Brighton Cricket Club

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Brighton Philatelic Society

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Bruthen Street Kindergarten Inc.

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Cheltenham Park Cricket Club

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Connect Health and Community

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Dandenong White Star Football Club

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East Sandringham Cricket Club

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Highett Bowls Club

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Highett Neighbourhood Community House

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Highett Youth Club Inc.

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Kimekai Karate

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Kingston Arts (Kingston City Council)

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Moorabbin Bowling Club

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Moorabbin Junior Tennis Club

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Moorabbin Little Athletics

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Moorabbin Rams Rugby

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Omega Netball Club

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St David's Anglican Church

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St Vincent de Paul

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The Holy Trinity Arrowsmith Program (St Catherine's Primary School)

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Three of the photos on the front cover reflect examples of the impact that our Company is making within our local community.

## Highett Youth Club Inc.

### New facility and spaces for growing membership

Highett Youth Club is a not-for-profit sporting organisation that offers classes in gymnastics, cheerleading and calisthenics. The Club has 1,000 members, hosts 140 classes and has over 1,000 persons in attendance per week.

Highett Youth Club approached Highett Community Bank Branch several years ago for support to demolish and re-build facilities in Livingston Street in Highett. At that time, the Board made a \$100,000 commitment over 10 years which enabled the Club to leverage further funding from Bayside City Council and the Victorian Government and a new facility was built.

Following this, the Club has seen a further increase in population and membership. Consequently, the Committee worked closely with Bayside City Council and Kingston City Council to locate and secure an additional facility to accommodate this growing and successful Club. With the ongoing sponsorship of Highett Community Bank Branch, the Club was well-positioned to secure a new facility in Moorabbin. The new facility boasts a full sized cheerleading floor, new equipment and furniture. The end result is two modern spaces to accommodate the growing numbers of young people in our community who have an interest in gymnastics, cheerleading and calisthenics.

As a result of our funding, the Club has seen a 50% increase in membership. Having access to additional space has enabled the Club to provide its members with high quality, modern facilities. The impact for the community is reflected in the Club being able to expand its classes to service more local schools and offer inclusion programs.

#### For more information:

[www.highettyouthclub.org](http://www.highettyouthclub.org)

Main location: 3 Livingston Street, Highett

Highett Youth Club Cheer: 11 Nelson Street, Moorabbin



# Community impact stories (continued)

## Kingston Arts (Kingston City Council)

### Artz Blitz Visual Arts and Creative Writing Competition

Kingston City Council boasts a vibrant arts and cultural scene, hosting a variety of arts spaces, arts and cultural organisations and services, professional and non-professional artists, creative industries and arts workers.

Kingston Arts achieves this in a number of ways including through the delivery of a comprehensive and diverse calendar of performing, visual and community arts events and activities across three primary arts spaces: Kingston Arts Centre, Kingston City Hall and Shirley Burke Theatre.

Kingston Arts invited Highett Community Bank Branch to be a major sponsor. The sponsorship funding enabled the continued programming of the Artz Blitz Visual Arts and Creative Writing Competition. This annual Competition aims to foster the talents of local community members and is supported through partnerships with businesses and the creative industries.

As a result of our funding, Kingston Arts has been able to expand the Competition beyond the community prize pool and offer additional awards including Highly Commended awards and monetary prizes for creative writers. The impact for the community is reflected in the steady increase in creative writing registrations across age groups and strong participation by local schools.

#### For more information:

[www.kingstonarts.com.au/HOME](http://www.kingstonarts.com.au/HOME)

979-985 Nepean Highway, Moorabbin



## Kimekai Karate

### Organisation and participation in 2019 Karate Championship

Kimekai is a dynamic approach to martial arts which combines traditional values of respect and discipline with modern teaching methods. Under the direction of Sensei Marco Mazzanti, Kimekai has grown to three full-time schools and a membership of over 700 active students, producing both junior and senior champions, as well as setting a high standard of martial arts instruction.

Kimekai Karate in Highett approached Highett Community Bank Branch for funding to support the organising and delivery of the 2019 KOA Karate Championship as well as the participation of members of the Highett School. The Championship involves 450 athletes representing over 40 clubs in Victoria, Tasmania and New South Wales.

As a result of our funding, Kimekai Karate provided a high standard championship event for developing and elite athletes. The funding supported the engagement of qualified referees and use of an event management system to manage one of the largest and most successful Karate Championships in Victoria. This experience has had a positive impact for the young and adult members of the Highett School. Members were able to compete in a safe and well-organised event with some athletes selected to represent Australia at the highest level.

#### For more information:

[www.kimekai.com.au](http://www.kimekai.com.au)

545 Highett Road, Highett



# Auditor's independence declaration

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

To Hightett Community Financial Services Ltd

As lead auditor for the audit of Hightett Community Financial Services Ltd for the year ended 30 June 2019, 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: 5th day of September 2019**

# Financial statements

## Statement of Comprehensive Income

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2019

	NOTES	2019	2018
<b>Revenue</b>			
Revenue from Ordinary Activities	4	1,045,578	996,328
Other Income	5	-	1,643
<b>Total Revenue</b>		<b>1,045,578</b>	<b>997,971</b>
<b>Expenses</b>			
Community Returns (Donations & Grants)		(62,550)	(122,565)
Sponsorship		(70,609)	(82,252)
Marketing Expenses		(7,095)	(14,239)
Employee and Associated Costs		(446,001)	(443,293)
Occupancy and Associated Costs		(108,803)	(98,907)
System Costs		(58,562)	(57,193)
Depreciation and Amortisation	6	(18,318)	(17,362)
General Administration Expenses		(137,533)	(138,309)
Interest Expense		-	-
<b>Total Expenses</b>		<b>(909,471)</b>	<b>(974,120)</b>
<b>Profit/(Loss) before Taxation</b>		<b>136,106</b>	<b>23,851</b>
<b>Income Tax Expense</b>			
Income Tax Expense	7	(39,430)	(15,032)
<b>Total Income Tax Expense</b>		<b>(39,430)</b>	<b>(15,032)</b>
<b>Net Profit After Tax</b>		<b>96,676</b>	<b>8,819</b>
<b>Dividends Provided for or Paid</b>			
Dividends Provided for or Paid	8	(46,418)	(46,418)
<b>Total Dividends Provided for or Paid</b>		<b>(46,418)</b>	<b>(46,418)</b>
<b>Other Appropriations</b>			
Other Appropriations	16	10,000	10,000
<b>Total Other Appropriations</b>		<b>10,000</b>	<b>10,000</b>
<b>Net Profit After Tax &amp; Dividends</b>		<b>60,258</b>	<b>(27,599)</b>

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

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

As at 30 June 2019

	NOTES	30 JUN 2019	30 JUN 2018
<b>Assets</b>			
<u>Current Assets</u>			
Cash and Cash Equivalents	9	872,783	745,271
Receivables	10	85,165	83,785
Total Current Assets		957,948	829,056
<u>Non-Current Assets</u>			
Property, Plant and Equipment	11	147,786	153,123
Intangibles	12	18,306	28,306
Total Non-Current Assets		166,092	181,429
Total Assets		1,124,040	1,010,485
<b>Liabilities</b>			
<u>Current Liabilities</u>			
Payables	13	35,679	(44)
Employee Entitlements	14	93,078	105,734
Taxation	15	33,765	(19,380)
Total Current Liabilities		162,522	86,309
<u>Non-Current Liabilities</u>			
Payables	13	2,641	15,557
Financial Liabilities	16	50,000	60,000
Total Non-Current Liabilities		52,641	75,557
Total Liabilities		215,163	161,866
Net Assets		908,877	848,619
<u>Equity</u>			
Retained Earnings	18	444,702	384,444
Share Capital	17	464,175	464,175
Total Equity		908,877	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 Changes in Equity

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2019

	ISSUED CAPITAL	ACCUMULATED PROFITS	ACCUMULATED RESERVES	TOTAL EQUITY
<b>Transactions - 2018</b>				
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

	ISSUED CAPITAL	ACCUMULATED PROFITS	ACCUMULATED RESERVES	TOTAL EQUITY
<b>Transactions - 2019</b>				
Balance as at 1 July 2018	464,175	384,444	-	848,619
Total comprehensive income for the year	-	96,676	-	96,676
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 2019	464,175	444,702	-	908,877

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

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2019

	2019	2018
<b>Operating Activities</b>		
Receipt from Customers	1,134,709	1,082,707
Payments to Suppliers and Employees	(952,863)	(1,003,216)
Interest Received	13,159	12,209
Interest and other costs of finance paid	(31,833)	(32,112)
Income Tax Refunded/(Paid)	8,218	(48,983)
Net Cash Flows from Operating Activities	171,390	10,605
<b>Investing Activities</b>		
Proceeds from Sales of Property, Plant and Equipment	-	15,000
Payment for Property, Plant and Equipment	(547)	(778)
Other Cash Items from Investing Activities	-	-
Net Cash Flows from Investing Activities	(548)	14,223
<b>Financing Activities</b>		
Dividends provided for or paid	(46,418)	(46,418)
Unclaimed dividend monies	3,087	935
Net Cash Flows from Financing Activities	(43,331)	(45,483)
<b>Net Cash Flows</b>	<b>127,512</b>	<b>(20,655)</b>
<b>Cash and Cash Equivalents</b>		
Cash and cash equivalents at beginning of period	745,271	765,926
Cash and cash equivalents at end of period	872,783	745,271
Net change in cash for period	127,512	(20,655)

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 - Notes

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED

For the year ended 30 June 2019

#### 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:

	2019	2018
<b>Cash and Cash Equivalents</b>		
1201 - General Cheque A/C	188,352	74,415
1202 - Market Development A/C	704	2,330
1203 - Manager's Visa A/C	376	731
1205 - Terminal Rental A/C	585	646
1206 - Everyday Business A/C	45,824	39,824
1207 - Dividend Payments A/C	951	1,037
1208 - Board Expense Account	333	-
2501 - Term Deposit	324,407	324,407
2503 - Bendigo Gold 6 Month	308,133	301,787
Petty Cash	30	95
AFS & Associates - Dividend Account	3,087	-
<b>Total Cash and Cash Equivalents</b>	<b>872,783</b>	<b>745,271</b>

#### 2. Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit

	2019	2018
<b>Net cash provided by Operating Activities</b>		
Profit from ordinary activities after tax	96,676	8,819
<b>Non-Cash Items:</b>		
Depreciation	3,705	2,750
Amortisation	14,613	14,613
<b>Changes in assets/(liabilities)</b>		
Increase/(decrease) in Tax Liabilities	44,568	(34,304)
<b>Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:</b>		
(Increase)/decrease in Plant & Equipment Assets	(2,433)	804
<b>Other</b>		
(Increase)/decrease in Receivables	(1,381)	(2,291)
(Increase)/decrease in Other Financial Assets	-	-
Increase/(decrease) in Payables	19,720	(150)
Increase/(decrease) in Employee Entitlements	(4,079)	20,364
<b>Total Net cash provided by Operating Activities</b>	<b>171,389</b>	<b>10,604</b>

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

### HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2019

2019

#### Tax Reconciliation

##### Accounting Profit for Period

Profit for period	136,106
Total Accounting Profit for Period	136,106

##### Addbacks

Directors' Reimbursements	4,710
Entertainment	5,065
Fines & Penalties	89
Provision for Annual Leave 30 June 2019	36,398
Provision for Long Service Leave 30 June 2019	43,756
Superannuation Payable 30 June 2019	3,950
Total Addbacks	93,968

##### Deductions

Provision for Annual Leave 30 June 2018	38,350
Provision for Long Service Leave 30 June 2018	46,719
Superannuation Paid after 30 June 2018	1,622
Total Deductions	86,691

Taxable Profit	143,383
Tax Payable	39,430
Net Profit Available for Shareholders	103,953

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

## HIGHETT COMMUNITY FINANCIAL SERVICES LIMITED For the year ended 30 June 2019

### 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.

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These notes should be read in conjunction with the attached compilation report.

# 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.

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These notes should be read in conjunction with the attached compilation report.

# 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.

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These notes should be read in conjunction with the attached compilation report.



# 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 cashflows.

## **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.

	2019	2018
<b>4. Revenue from Ordinary Activities</b>		
Gross Margin Income	913,119	861,749
Upfront Product Commission	12,458	17,628
Trailer Product Commission	34,026	22,524
Fee Income	61,197	71,595
Market Development Fund Income	10,000	10,000
Terminal Rental Income	1,472	268
Interest	13,305	12,564
Total Revenue from Ordinary Activities	1,045,578	996,328

These notes should be read in conjunction with the attached compilation report.

# Notes to the financial statements (continued)

	2019	2018
<b>5. Other Income</b>		
Employee FBT Contribution	-	3,810
Profit on sale of property, plant & equipment	-	(2,168)
Total Other Income	-	1,643
	2019	2018

## 6. Profit from Ordinary Activities

Profit (loss) from ordinary activities before income tax has been determined after charging as Expense:	-	-
Amortisation	14,613	14,613
Depreciation	3,705	2,750
Total Profit from Ordinary Activities	18,318	17,362
	2019	2018

## 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	39,430	15,032
Total Income Tax Expense	39,430	15,032
	2019	2018

## 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
	2019	2018

## 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	237,155	119,077
Term Deposits	632,540	626,194
AFS & Associates - Dividend Account	3,087	-
Total Cash and Cash Equivalents	872,783	745,271
	2019	2018

## 10. Receivables

Profit Share Receivables	81,406	80,172
Accrued Interest Receivable	3,759	3,613
Total Receivables	85,165	83,785

These notes should be read in conjunction with the attached compilation report.

# Notes to the financial statements (continued)

	2019	2018
<b>11. Property Plant and Equipment</b>		
<b>Leasehold Improvements</b>		
At Cost	222,805	222,805
Less Accumulated Depreciation	(77,332)	(72,189)
Total Leasehold Improvements	145,473	150,616
<b>Plant and Equipment</b>		
At Cost	35,134	32,153
Less Accumulated Depreciation	(32,821)	(29,646)
Total Plant and Equipment	2,313	2,507
Total Property Plant and Equipment	147,786	153,123
	2019	2018

<b>12. Intangibles</b>		
<b>Franchise Fees</b>		
At Cost	50,000	50,000
Less Accumulated Amortisation	(31,694)	(21,694)
Total Franchise Fees	18,306	28,306
Total Intangibles	18,306	28,306
	2019	2018

<b>13. Payables</b>		
<b>Current</b>		
Trade Creditors	2,677	(44)
Other Creditors	17,000	-
Unclaimed Dividend Monies	16,002	-
Total Current	35,679	(44)
<b>Non Current</b>		
Return of Capital Monies	2,641	2,641
Unclaimed Dividend Monies	-	12,915
Total Non Current	2,641	15,557
Total Payables	38,320	15,513
	2019	2018

<b>14. Employee Entitlements</b>		
PAYG Withholding Payable	8,974	17,551
Superannuation Payable	3,950	3,113
<b>Provisions</b>		
Prov'n for Holiday Pay	36,398	38,350
Prov'n for Long Service Leave	43,756	46,719
Total Provisions	80,154	85,069
Total Employee Entitlements	93,078	105,734

These notes should be read in conjunction with the attached compilation report.

# Notes to the financial statements (continued)

	2019	2018
<b>15. Taxation</b>		
GST	6,299	802
Provision for Taxation	23,498	(20,182)
Other Creditors - ATO	3,968	-
<b>Total Taxation</b>	<b>33,765</b>	<b>(19,380)</b>
	2019	2018

## 16. Financial Liabilities

### Non Current

#### Unsecured

Highett Youth Club	50,000	60,000
<b>Total Unsecured</b>	<b>50,000</b>	<b>60,000</b>
<b>Total Non Current</b>	<b>50,000</b>	<b>60,000</b>
<b>Total Financial Liabilities</b>	<b>50,000</b>	<b>60,000</b>

\$100,000 was provided to Highett 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, 5 Instalments are still to be paid.

	2019	2018
<b>17. Contributed Capital</b>		
Issued & Paid Up Capital	464,175	464,175
<b>Total Contributed Capital</b>	<b>464,175</b>	<b>464,175</b>

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.

These notes should be read in conjunction with the attached compilation report.

# Notes to the financial statements (continued)

## 18. Accumulated Profits

Financial Year	2019	2018
Balance at beginning of reporting period	384,444	412,042
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	96,676	8,820
<b>Balance at the reporting date</b>	<b>444,702</b>	<b>384,444</b>

## 19. 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%.

## 20. Auditor's Remuneration

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

Financial Year	2019	2018
Auditor's Remuneration	4,000	4,000

## 21. 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.

## 22. 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.

## 23. Contingent Liabilities

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

## 24. 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:

Registered Office & Principal Place of Business  
322-324 Highett Road  
Highett VIC 3190

These notes should be read in conjunction with the attached compilation report.



# Directors' declaration

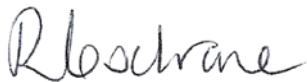
## Directors Declaration

### **Hihett Community Financial Services Limited For the year ended 30 June 2019**

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 2019 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: 30 September 2019

# Independent audit report

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

We have audited the attached financial report of Hightt Community Financial Services Ltd for the year ended 30 June 2019. 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 Hightt 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 2019 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: 5th day of September 2019**



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](http://www.highettcb.com)  
[www.bendigobank.com.au/highett](http://www.bendigobank.com.au/highett)

(BNPAR19008) (10/18)  
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