

Homebush Community Bank® Branch

Homebush Community Bank® Branch  
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Franchisee: Homebush Financial Services Limited  
27 Rochester Street, Homebush NSW 2140  
ABN 55 097 923 807

# Annual Report 2019

Homebush Financial Services Limited

ABN 55 097 923 807

Homebush Community Bank® Branch

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# Chairman's report

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*For the year ending 30 June 2019*

Dear shareholders,

I report to you again as Chairman of Homebush Community Bank after a year of change. While much of the change was outside our control as a business, we nevertheless have had to adapt and consider the business model that provides us with the best opportunity to meet our Charter.



While we report a continuing and pleasing trading result, 2019 was a challenging year both inside and outside of the business.

From a banking perspective, the Banking Royal Commission dominated the year. While the Banking Royal Commission kicked off in 2017/18, the public hearings were conducted from March 2018 to November 2018 with the final Report by Commissioner Hayne presented to the Federal Government and made public on the 1<sup>st</sup> February 2019.

There is no question that the Commission's hearings, associated reporting on the behavior of some of Australian's iconic businesses and the associated publicity has changed the provision of financial services to consumers and business.

Bendigo Bank came through the Royal Commission hearings in a much more positive light than the four major Australian Banks. Nevertheless, changes in how financial services are distributed and sold, how credit is assessed by the financial services sectors providers of credit and made available to consumers and business has changed. We, at Homebush Financial Services Pty Ltd are part of the financial services industry and have been impacted by this change for the betterment of our customers and business.

At Homebush Community Bank, I am pleased to report another positive trading result. The Company posted a profit of \$117,724 before tax (\$85,306 after tax). This is a solid result and while down by 9% on the previous year's pretax result is a highly commendable outcome by our staff in a year during which:

- i. a very critical public examination of the financial services sector was being undertaken;
- ii. all providers of financial services including Bendigo Bank reviewed their business practices applying much more rigor to their lending processes with the resulting tightening of acceptance and approval criteria;
- iii. the anticipated slowing of growth and then a decline in residential property prices occurred and most notably in our Sydney market;
- iv. Bendigo Bank revisited their internal organisation structure that it best felt could take the Community Bank model forward.

In this macro market, for Homebush Community Bank to grow and maintain its positive trading result was testimony to the efforts of our staff. Our steady progress validated the changes we have made at the Community Bank over the past few years and continue to make with a focus on building a more sustainable and robust business.

## Chairman's report (continued)

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In saying this, it has not been easy: I would like to highlight some of the contributors and contributing factors.

Firstly, in late 2018 we introduced the mobile lending model to Homebush Community Bank and through our dedicated mobile relationship manager, **Yang Gao** we have been able to remain very active and successful in what has been a soft market for residential home lending.

Secondly, **Amelia Dakai** was seconded from Bendigo Bank toward the end of 2018 to focus on getting Homebush Community Bank's compliance and operational processes shipshape in the changing banking landscape that emerged from the Hayne Royal Commission. Unfortunately, Amelia's time has been fully expended and she has taken a permanent role back in Bendigo Bank.

We are in the recruitment process for a Branch Manager to extend Amelia's work, to consolidate Homebush Community Bank operationally, to continue to support our small and effective team and increase the Bank's community program and awareness.

We have continued throughout the year the process of reinvigorating your Board with new Directors who can take your business forward with **James Tran** and **Alana Pendrick** joining the Homebush Community Bank Board.

Unfortunately we have lost **Wayne Simpson** as our highly valued Bendigo Bank representative on the Homebush Board after he accepted a senior national role in the Bendigo Bank restructure. Wayne's support over the past 18 months and recently as our Treasurer has allowed a relatively new group of directors at Homebush to get up to speed quickly to support a business within a major financial institution. **Daniel Pascuzzo** has replaced Wayne as a Director in this important role, given Bendigo Bank's shareholding in Homebush Community Bank.

**Clarissa Kalamvokis** was successful very recently in becoming our new Junior Board Observer replacing **Tobias Buckley** who after two and half years is graduating from Homebush Boys High at the end of 2019 and will be leaving us. Tobias has developed through his time with Homebush Community Bank into a strong and respected contributor around the Directors' table.

Our business does not perform and make a profit without good people. While I have mentioned some of the new additions to your Board. I will start this section of my Report by recognising the staff that make the day to day operations of the business happen. **Radwa Mitra** and **Hemant Sarswat** have been with Homebush Community Bank for a number of years now and with **Sabrina Han** who joined us in October 2018 are the nucleus of our success, supporting Amelia and Yang who lead our business into what is a very competitive market.

Thanks to all five of you for your efforts in 2018/19.

More broadly our business is supported by a large network from Bendigo Bank led in 2018/19 by **Denice Kelly** and **David Chamberlain** both of whom were always there to support the business, the team and the Board.

## Chairman's report (continued)

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At the Board level I have mentioned James and Alana as new Directors and Tobias and Clarissa. To the Directors who have worked tirelessly and as a strong team in 2018/19, **Alice Mantel** (Co Sec), **David Chenu**, **Nella Hall**, **Karen Walsh** and **Belinda Dimovski**. On behalf of your shareholders and specifically from me, thank you for your commitment, input and time.

The support of our community is a primary focus of your Company and in 2018/19 we had a close look at how we could better impact our community. As commented last year, with a more reliable profit outlook the business your Board saw a need to be more strategic and impactful in our community giving. While we will continue to provide donations to local community events and causes, we want to identify Homebush Community Bank with sponsorship that impact people's lives in our community.

Our first endeavor in this area was a \$20,000 sponsorship of the Cancer Survival Centre at Concord Hospital to undertake a program to determine the impact of physiotherapy on patients in advance of them undertaking cancer surgery and chemotherapy.



*HFSL directors David Chenu, Alice Mantel and Geoff Harper present a \$20,000 cheque to Professor Janette Vardy, Concord Cancer Centre*

We intend to continue to explore how we can contribute more broadly to our community and improve the lives of community members.

As I stated last year, the Company Board is committed to being successful by helping customers, families and businesses achieve their financial goals. We have made strong progress in building a quality team working cohesively to deliver the right result. We have put a stronger financial footing under the business. While success can only be delivered with hard work, clear strategy and goals, the business is as well placed as it has ever been to continue to develop community engagement. I look forward to reporting another solid trading result in 2019/20.



*Patients at the Concord Survivorship Centre participate in a range of programs to improve their physical and mental health.*



## Manager's report

*Branch staff (l to r), Yang Gao, Radwa Mitra, Amelia Dakai, Sabrina Han, Hemant Sarswat*

Bendigo Building Society began more than 160 years ago on the goldfields of Bendigo to assist people to save for a better future. Since its merger with the Adelaide Bank, the Bendigo and Adelaide Bank has steadily grown by helping Australians to buy their own home. In the late 1990s Bendigo and Adelaide Bank set up a new structure – the Community Bank – to work with the community and to reinvest in worthwhile projects that benefit the community. That philosophy remains unchanged – to help a community become a success, we must first help the members of that community.



I joined the team in December, having worked previously as a Local Connections Co-ordinator and Relief Customer Service Officer for the last three years at Bendigo Bank. Looking back, the decision to accept the role and its challenges was the best, as it was an opportunity to manage a great team, work with a knowledgeable Board, experience the positive impact we make within our community and most importantly, have quality conversations with customers and change lives.

At **Homebush Community Bank** Branch, we are proud to be locally owned and operated, knowing that where we invest our profits will benefit our local community. We were particularly pleased to be able to assist St Anne's Catholic Primary School, Strathfield South to buy three LEGO science sets to enhance their students' knowledge of digital technologies.



*Presenting a cheque to St Anne's Catholic Primary School are Director, Alice Mantel and Branch Operations Manager, Amelia Dakai*

As **Homebush Community Bank** Branch celebrates 17 years of operation, I am pleased to report that it has been a successful year for our business, despite the current challenging home lending environment and competitive industry trend.

## Manager's report (continued)

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Overall our banking business stands at \$109.8M, a growth of \$6.8M from last financial year:

- \$1.8M in deposits
- \$3.9M in lending
- \$1.1M in other business

One of our most exciting staffing innovations was to welcome Yang Gao as our Mobile Relationship Manager. Formerly a Bendigo loans officer, Yang is totally focused on helping customers to achieve their borrowing goals. His outstanding results saw him ranked #2 Mobile Relationship Manager across the National Community Bank network and we expect his efforts to continue to build our profits during the next year.

The key to success for any business is its people and the contribution from our staff has been outstanding. Sabrina Han (Customer Service Officer) joined the existing team namely, Radwa Mitra and Hemant Sarswat. Hemant has been developing his skills and was awarded the State People's Award for his contribution.

I would like to thank Yang, Radwa, Hemant and Sabrina for their tireless effort and commitment. They have grown and developed in their roles and I commend them for their exceptional customer service.

Thank you to our Regional Manager, Bendigo and Adelaide Bank and the Board of Directors for their continuous help and support.

Most importantly, thank you to our valued shareholders and customers, it has been an absolute pleasure serving you.

*"As a bank we are good with money, but we're more interested in the good money can do."*

Amelia Dakai  
*Branch Operations Manager*



# Bendigo and Adelaide Bank report

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for year ending 30 June 2019

[BEN Report](#)

[CB Annual Report 2018/2019](#)

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

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

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

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

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

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

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

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

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



**Mark Cunneen**  
**Head of Community Support**  
**Bendigo and Adelaide Bank**

# Homebush Financial Services Limited

## Directors' Report

Your directors submit the financial statements of the company for the financial year ended 30 June 2019.

### Directors

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

Geoffrey John Harper

Chairman

Occupation: Director

Qualifications, experience and expertise: Director Debt Sales Brokers Australia and New Zealand 2015-present, FreshWater Business Consulting directors 2013-present, Baycorp Holdings Pty Ltd Managing director 2006-2013, Portfolio management group CEO 2000-2006 and Heller Financial Services managing director 1984-2000.

Special responsibilities: Human Resources Committee

Interest in shares: Nil

Alice Christina Mantel

Secretary

Occupation: Lawyer

Qualifications, experience and expertise: Alice brings over 30 years broad experience as a lawyer to the board, having worked in the government, private and not for-profit sectors. Alice currently manages her own legal practise, servicing mainly older clients and consequently she is very familiar with the challenges of running a small business. As a local resident, she is currently a community representative on the Yaralla Estate Committee in Concord.

Special responsibilities: Community Engagement and Human Resources Committee

Interest in shares: Nil

Nella Hall

Director

Occupation: Paralegal/Manager

Qualifications, experience and expertise: Nella is a Justice of Peace and holds a Bachelor of Commerce from Deakin University (Vic). Nella has experience in Accounting, Insolvency and law, working as a Paralegal in a local law firm. Nella was joint Strathfield Citizen of the year in 2017. She is a Director of the local community radio station 2RDJ FM and the current Deputy Mayor of Strathfield Council. Nella's passion is serving her community, which is why she has clocked over 2000 hours of community work and is involved in a number of not for profit organisations.

Special responsibilities: Nil

Interest in shares: Nil

Wayne Joseph Simpson

Director

Occupation: Senior Manager (Bendigo Bank)

Qualifications, experience and expertise: MAICD with over 30 years experience in financial industry last 14 years with Bendigo Bank. Roles covered Retail Regional & State Management, Chief Operating Officer Delphi Bank and a number of National roles. Commercial experience as owner operator of small consulting business & wholesale/retail bakery & General Manager of IT R&D software & hardware company. Past not-for-profit & community bank secretaries.

Special responsibilities: Nil

Interest in shares: Nil

Other directorships: Dancoor Community Finances Limited (*Resigned 27 June 2014*)

# Homebush Financial Services Limited

## Directors' Report

### Directors (*continued*)

David Chenu

Director

Occupation: Marketing Consultant

Qualifications, experience and expertise: David is a Non-Executive Director and Strategic Management Consultant with over twenty years of marketing management and board level experience across the public and commercial sectors with particular experience in the food, health, wellbeing, primary production and FMCG industries. At board level a highlight includes being a Non Executive Director with several NFP companies. He has also been member of several Board promotional sub-committees in the agri food sector. In an executive capacity he has been a Strategic Management Consultant with DC&A Marketing Consultancy where he develops marketing and brand strategies for a range of companies in the food, health & wellbeing and FMCG sectors, including Horticulture Innovation Australia, Sanitarium Health & Wellbeing, Central Markets, MacKay Bananas, ASCA, TCC Global and Aldi retail stores. Prior to this he was the General Marketing Manager for Horticulture Australia. David has a Bachelor of Arts, majoring in Economics and has completed the Mount Eliza Business School Produce Executive Program and is a Graduate of the Australian Institute of Company Directors. David started his career in food, working as a chef at the renowned restaurant Berowra Waters Inn with Tony and Gay Bilson. This passion for excellence provided him with a solid foundation for his business career. He is currently the owner and director of a strategic marketing and executive coaching consultancy - David Chenu & Associates.

Special responsibilities: Marketing Committee

Interest in shares: Nil

Belinda Dimovski

Director (*Appointed 25 September 2018*)

Occupation: Director Engagement and Support- Australian Red Cross

Qualifications, experience and expertise: Belinda is currently the Director of Engagement and Support at Australian Red Cross, responsible for the fundraising and marketing, retail sales and First Aid portfolios along with customer experience, digital products and content. Belinda spent the previous ten years with Weight Watches ANZ leading the operations and customer experience function ensuring the effective delivery of Weight Watches health services to over 1000 communities and 100,000 consumers each year across ANZ and international lead for the global organisations on a variety of projects. Belinda has extensive experience across multiple industries; telecommunications, pharmaceutical and pharmacy, warehouse and logistics, retail, health and wellness and Not-For-Profit. Her qualifications cover multiple disciplines including mathematics and operations (UTS), leadership and marketing (MGSM), digital products (IMD) as well as Directors Institute. Belinda is currently a Co-Chair of CX Collective, on the judging panel of both the CX and ADMA awards and a member of Customer Experience Professionals Association. She is a governance sub-committee member of the Society of Women Leaders and Company Director of OBS Capital. Feel free to check out her LinkedIn profile - [linkedin.com/in/belindadimovski](https://www.linkedin.com/in/belindadimovski)

Special responsibilities: Nil

Interest in shares: Nil

Karen Elizabeth Walsh

Director (*Appointed 25 September 2018*)

Occupation: CEO, Shelter NSW

Qualifications, experience and expertise: Karen Walsh is a graduate of the Australian Institute of Company Directors, with over 13 years continuous experience in Director roles in not for profit and public companies. Karen holds two Masters Degrees in Public Administration and Social Policy and her career spans 24 years in Australia and the UK in strategy, Public Policy and human services reform. Karen was previously a Director with Sydney Maritime Museum and is now currently a CEO of Shelter NSW and a Director on several not for profit boards.

Special responsibilities: Community Investment Committee and Nominations Committee

Interest in shares: Nil

# Homebush Financial Services Limited

## Directors' Report

### **Directors (*continued*)**

Philippos Parisi

Director (*Resigned 15 August 2018*)

Special responsibilities: Nil

Interest in shares: Nil

Ian Stanley Albertson

Chairman (*Resigned 8 July 2018*)

Occupation: Teacher

Qualifications, experience and expertise: Ian is currently a music teacher at Homebush Boys High School. Previously music co-ordinator St Patrick's College, Strathfield; Choirmaster Sydney Church of England Grammar School (Shore); Senior Boarding Master, Kooralbyn International School, Qld. Ian has been on the HFSL Board since March 2014. President Rotary Club of Strathfield 1997-98. Trustee Strathfield Libraries and Museum Foundation. MC at several local events organised by Strathfield Council (Carols by Candlelight, Spring Fair, Australia Day, Mayoral Dinner, Exo Art Exhibition). B.A. Grad. Dip. Ed, M. Ed. Admin, M. Mus. Tech.

Special responsibilities: Chairman, Community Engagement Committee

Interest in shares: 1,000

Allan Frederick Petersen

Director (*Resigned 8 July 2018*)

Occupation: Retired Primary School Principal

Qualifications, experience and expertise: Allan's experience and expertise include NSW State Government Primary School Teaching and Administration, retail experience with David Jones Ltd Sydney selling/stocktaking/staff development, Rotary International Membership since 1996 with two Clubs and significant administrative roles, lifetime membership of the Anglican Church Australia, Assistant experience of Meals on Wheels Distribution and Committee Executive Membership, tutor on non-English Adult speakers, holds a Teachers' Certificate, Bachelor of Education and Master of Education, holds Graduate Diplomas in Curriculum Studies and Educational Administration.

Special responsibilities: Chair of Community Engagement Committee

Interest in shares: Nil

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

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

### **Company Secretary**

The company secretary is Alice Mantel. Alice was appointed to the position of secretary on 28 November 2017.

Alice brings over 30 years broad experience as a lawyer to the board, having worked in the government, private and not for-profit sectors. Alice currently manages her own legal practise, servicing mainly older clients and consequently she is very familiar with the challenges of running a small business. As a local resident, she is currently a community representative on the Yaralla Estate Committee in Concord.

# Homebush Financial Services Limited

## Directors' Report

### Principal Activities

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

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

### Operating results

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

Year ended 30 June 2019	Year ended 30 June 2018
\$	\$
85,306	93,676

### Dividends

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

### Significant changes in the state of affairs

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

### Events since the end of the financial year

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

### Likely developments

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

### Environmental regulation

The company is not subject to any significant environmental regulation.

### Directors' benefits

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

### Indemnification and insurance of directors and officers

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

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

# Homebush Financial Services Limited

## Directors' Report

### Directors' meetings

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

	Board Meetings	
	<u>Eligible</u>	<u>Attended</u>
Geoffrey John Harper	13	12
Alice Christina Mantel	13	13
Nella Hall	12	9
Wayne Joseph Simpson	13	12
David Chenu	13	11
Belinda Dimovski ( <i>Appointed 25 September 2018</i> )	9	7
Karen Elizabeth Walsh ( <i>Appointed 25 September 2018</i> )	9	7
Philipps Parisis ( <i>Resigned 15 August 2018</i> )	-	-
Ian Stanley Albertson ( <i>Resigned 8 July 2018</i> )	1	-
Allan Frederick Petersen ( <i>Resigned 8 July 2018</i> )	-	-

### Proceedings on behalf of the company

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

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

### Non audit services

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

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

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

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



# Homebush Financial Services Limited

## Directors' Report

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### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

Signed in accordance with a resolution of the board of directors at Homebush, New South Wales on 24 September 2019.



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Geoffrey John Harper, Chairman

**Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Homebush Financial Services Ltd.**

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 24 September 2019



**Joshua Griffin**  
Lead Auditor

Homebush Financial Services Limited  
Statement of Profit or Loss and Other  
Comprehensive Income  
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	760,234	759,748
Employee benefits expense		(412,911)	(402,305)
Charitable donations, sponsorship, advertising and promotion		(25,134)	(12,917)
Occupancy and associated costs		(71,733)	(73,723)
Systems costs		(32,013)	(31,069)
Depreciation and amortisation expense	5	(19,033)	(19,006)
Finance costs	5	-	(379)
General administration expenses		(81,686)	(90,692)
<b>Profit before income tax expense</b>		<b>117,724</b>	<b>129,657</b>
Income tax expense	6	(32,418)	(35,981)
<b>Profit after income tax expense</b>		<b>85,306</b>	<b>93,676</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>85,306</b>	<b>93,676</b>
<b>Earnings per share</b>		¢	¢
Basic earnings per share	21	6.63	7.28

# Homebush Financial Services Limited

## Balance Sheet

as at 30 June 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	285,398	149,583
Trade and other receivables	8	55,218	73,407
<b>Total current assets</b>		<b>340,616</b>	<b>222,990</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	165,483	171,699
Intangible assets	10	31,711	42,903
Deferred tax asset	11	244,872	277,290
<b>Total non-current assets</b>		<b>442,066</b>	<b>491,892</b>
<b>Total assets</b>		<b>782,682</b>	<b>714,882</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	43,073	49,896
Provisions	13	20,113	16,602
<b>Total current liabilities</b>		<b>63,186</b>	<b>66,498</b>
<b>Non-current Liabilities</b>			
Trade and other payables	12	12,513	25,026
Provisions	13	480	2,161
<b>Total non-current liabilities</b>		<b>12,993</b>	<b>27,187</b>
<b>Total liabilities</b>		<b>76,179</b>	<b>93,685</b>
<b>Net assets</b>		<b>706,503</b>	<b>621,197</b>
<b>EQUITY</b>			
Issued capital	14	1,372,954	1,372,954
Accumulated losses	15	(666,451)	(751,757)
<b>Total equity</b>		<b>706,503</b>	<b>621,197</b>

# Homebush Financial Services Limited

## Statement of Changes in Equity

for the year ended 30 June 2019

	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2017</b>	1,372,954	(845,433)	527,521
Total comprehensive income for the year	-	93,676	93,676
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2018</b>	<b>1,372,954</b>	<b>(751,757)</b>	<b>621,197</b>
<b>Balance at 1 July 2018</b>	1,372,954	(751,757)	621,197
Total comprehensive income for the year	-	85,306	85,306
<b>Transactions with owners in their capacity as owners:</b>			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
<b>Balance at 30 June 2019</b>	<b>1,372,954</b>	<b>(666,451)</b>	<b>706,503</b>

Homebush Financial Services Limited  
Statement of Cash Flows  
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		845,785	828,125
Payments to suppliers and employees		(698,663)	(687,489)
Interest received/(paid)		1,693	(379)
<b>Net cash provided by operating activities</b>	16	<b>148,815</b>	<b>140,257</b>
<b>Cash flows from investing activities</b>			
Payment for Property Plant & Equipment		(1,625)	-
Payments for intangible assets		(11,375)	(11,375)
<b>Net cash used in investing activities</b>		<b>(13,000)</b>	<b>(11,375)</b>
<b>Net increase in cash held</b>		<b>135,815</b>	<b>128,882</b>
Cash and cash equivalents at the beginning of the financial year		149,583	20,701
<b>Cash and cash equivalents at the end of the financial year</b>	7(a)	<b>285,398</b>	<b>149,583</b>



# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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**Note 1. Summary of significant accounting policies**

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**a) Basis of preparation**

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

*Compliance with IFRS*

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

*Critical accounting estimates*

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

*Historical cost convention*

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

*Comparative figures*

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

*Application of new and amended accounting standards*

There are two new accounting standards which have been issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 January 2018, and are therefore relevant for the current financial year.

*AASB 15 Revenue from Contracts with Customers*

AASB 15 replaces *AASB 111 Construction Contracts*, *AASB 118 Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The existing revenue recognition through the monthly Bendigo and Adelaide Bank Limited profit share provides an accurate reflection of consideration received in exchange for the transfer of services to the customer. Therefore based on our assessment this accounting standard has not materially affected any of the amounts recognised in the current period and is not likely to affect future periods.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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#### a) Basis of preparation (*continued*)

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

##### *AASB 9 Financial Instruments*

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces *AASB 139 Financial Instruments: Recognition and Measurement*.

Based on our assessment this accounting standard has not had any impact on the carrying amounts of financial assets or liabilities at 1 July 2018. For additional information about accounting policies relating to financial instruments, see Note 1 k).

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

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2018. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

##### *AASB 16 Leases*

Only AASB 16, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance, including *AASB 117 Leases* and related Interpretations. This standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

The company plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The company has assessed the estimated impact that initial application of AASB 16 will have on its financial statements. The actual impacts of adopting the standard on 1 July 2019 may change.

The company will recognise new assets and liabilities for operating leases of its branch. The nature of expenses related to these leases will now change as the company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the company recognised operating lease expense on a straight-line basis over the term of the lease.

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

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of \$292,508.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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#### a) Basis of preparation *(continued)*

##### *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 Homebush, New South Wales.

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

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

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

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

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

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

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

#### b) Revenue

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**b) Revenue (continued)***Revenue calculation*

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

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

*Core banking products*

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

*Margin*

Margin is arrived at through the following calculation:

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

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

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

*Commission*

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

*Fee income*

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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#### b) Revenue *(continued)*

##### *Discretionary financial contributions*

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

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

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

##### *Ability to change financial return*

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

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

##### *Ability to change financial return*

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

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

##### *Monitoring and changing financial return*

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

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**c) Income tax***Current tax*

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

*Deferred tax*

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

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

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

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

*Current and deferred tax for the period*

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

**d) Employee entitlements**

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

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



# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**e) Cash and cash equivalents**

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

**f) Trade receivables and payables**

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

**g) Property, plant and equipment**

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

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

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

- leasehold improvements	5 - 15	years
- plant and equipment	2.5 - 40	years
- furniture and fittings	4 - 40	years

**h) Intangibles**

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

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

**i) Payment terms**

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

**j) Borrowings**

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**k) Financial instruments***Recognition and initial measurement*

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

*Classification and subsequent measurement**(i) Financial liabilities*

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

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

*(ii) Financial assets*

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

The company's trade and most other receivables are measured at amortised cost as well as deposits that were previously classified as held-to-maturity under AASB 139.

A financial asset is subsequently measured at FVOCI if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and FVOCI's measurement condition are subsequently measured at FVTPL.

The company's investments in equity instruments are measured at FVTPL unless the company irrevocably elects at inception to measure at FVOCI.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**k) Financial instruments (continued)***Derecognition**(i) Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*(ii) Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

*Impairment*

The company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at fair value through other comprehensive income;
- lease receivables;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss, (ie diversity of its customer base, appropriate groupings of its historical loss experience etc.).

*Recognition of expected credit losses in financial statements*

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**l) Leases**

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

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

**m) Provisions**

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

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

**n) Issued capital**

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

**o) Earnings per share**

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

**p) Goods and Services Tax**

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

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

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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### Note 2. Financial risk management

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

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

#### (i) Market risk

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

#### (ii) Price risk

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

#### (iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history.

#### *Expected credit loss assessment for Bendigo and Adelaide Bank Limited*

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited. Due to the reliance on Bendigo and Adelaide Bank Limited the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The most recent credit rating provided by the ratings agencies is as follows:

Ratings Agency	Long-Term	Short-Term	Outlook
Standard & Poor's	BBB+	A-2	Stable
Fitch Ratings	A-	F2	Stable
Moody's	A3	P-2	Stable

Based on the above risk ratings the company has classified Bendigo and Adelaide Bank Limited as low risk.

The company has performed a historical assessment of receivables from Bendigo and Adelaide Bank Limited and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo & Adelaide Bank Limited receivable as at 30 June 2019.

#### *Expected credit loss assessment for other customers*

The company has performed a historical assessment of the revenue collected from other customers and found no instances of default. As a result no impairment loss allowance has been made in relation to other customers as at 30 June 2019.

#### (iv) Liquidity risk

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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### **Note 2. Financial risk management (continued)**

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(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2019 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

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### **Note 3. Critical accounting estimates and judgements**

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

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

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

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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#### *Taxation*

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

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

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

#### *Estimation of useful lives of assets*

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

#### *Impairment of assets*

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

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

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

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 4. Revenue from ordinary activities</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
- gross margin	615,809	629,360
- services commissions	35,698	35,518
- fee income	82,034	69,870
- market development fund	25,000	25,000
Total revenue from operating activities	<u>758,541</u>	<u>759,748</u>
Non-operating activities:		
- interest received	1,693	-
Total revenue from non-operating activities	<u>1,693</u>	<u>-</u>
Total revenues from ordinary activities	<u>760,234</u>	<u>759,748</u>
<hr/>		
<b>Note 5. Expenses</b>		
Depreciation of non-current assets:		
- plant and equipment	677	467
- leasehold improvements	6,197	6,379
- furniture and fittings	967	967
Amortisation of non-current assets:		
- franchise agreement	2,239	2,239
- franchise renewal fee	8,953	8,954
	<u>19,033</u>	<u>19,006</u>
Finance costs:		
- interest paid	-	379
Bad debts	<u>16</u>	<u>(30)</u>



# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 6. Income tax expense</b>	<b>2019</b>	<b>2018</b>
	\$	\$
The components of tax expense comprise:		
- Recoupment of prior year tax losses	33,752	34,143
- Movement in deferred tax	(1,334)	1,838
	<u>32,418</u>	<u>35,981</u>
Operating profit	120,401	129,657
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	32,374	35,656
Add tax effect of:		
- non-deductible expenses	44	325
- timing difference expenses	1,334	(1,838)
	<u>33,752</u>	<u>34,143</u>
Movement in deferred tax	(1,334)	1,838
	<u>32,418</u>	<u>35,981</u>

### **Note 7. Cash and cash equivalents**

Cash at bank and on hand	<u>285,398</u>	<u>149,583</u>
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### **Note 7.(a) Reconciliation to cash flow statement**

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

Cash at bank and on hand	<u>285,398</u>	<u>149,583</u>
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### **Note 8. Trade and other receivables**

Trade receivables	48,048	59,848
Prepayments	6,502	12,891
Other receivables	668	668
	<u>55,218</u>	<u>73,407</u>

Homebush Financial Services Limited  
Notes to the Financial Statements  
for the year ended 30 June 2019

<b>Note 9. Property, plant and equipment</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements		
At cost	297,026	297,026
Less accumulated depreciation	(140,591)	(134,394)
	<u>156,435</u>	<u>162,632</u>
Plant and equipment		
At cost	71,517	69,892
Less accumulated depreciation	(64,428)	(63,751)
	<u>7,089</u>	<u>6,141</u>
Furniture and fittings		
At cost	31,583	31,583
Less accumulated depreciation	(29,624)	(28,657)
	<u>1,959</u>	<u>2,926</u>
Total written down amount	<u>165,483</u>	<u>171,699</u>
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	162,632	169,011
Less: depreciation expense	(6,197)	(6,379)
Carrying amount at end	<u>156,435</u>	<u>162,632</u>
Plant and equipment		
Carrying amount at beginning	6,141	6,608
Additions	1,625	-
Less: depreciation expense	(677)	(467)
Carrying amount at end	<u>7,089</u>	<u>6,141</u>
Furniture and fittings		
Carrying amount at beginning	2,926	3,893
Less: depreciation expense	(967)	(967)
Carrying amount at end	<u>1,959</u>	<u>2,926</u>
Total written down amount	<u>165,483</u>	<u>171,699</u>

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 10. Intangible assets</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Franchise fee		
At cost	82,746	82,746
Less: accumulated amortisation	(76,404)	(74,166)
	<u>6,342</u>	<u>8,580</u>
Renewal processing fee		
At cost	130,983	130,983
Less: accumulated amortisation	(105,614)	(96,660)
	<u>25,369</u>	<u>34,323</u>
Total written down amount	<u><u>31,711</u></u>	<u><u>42,903</u></u>

### **Note 11. Tax**

#### **Non-current:**

Deferred tax assets		
- accruals	1,488	770
- employee provisions	5,663	5,160
- tax losses carried forward	242,265	276,017
	<u>249,416</u>	<u>281,947</u>
Deferred tax liability		
- property, plant and equipment	4,544	4,657
	<u>4,544</u>	<u>4,657</u>
Net deferred tax asset	<u><u>244,872</u></u>	<u><u>277,290</u></u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u><u>32,418</u></u>	<u><u>35,981</u></u>

### **Note 12. Trade and other payables**

#### **Current:**

Trade creditors	1,522	26,758
Other creditors and accruals	41,551	23,138
	<u><u>43,073</u></u>	<u><u>49,896</u></u>

#### **Non-current:**

Other creditors and accruals	<u><u>12,513</u></u>	<u><u>25,026</u></u>
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# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

Note 13. Provisions	2019	2018
	\$	\$
<b>Current:</b>		
Provision for annual leave	<u>20,113</u>	<u>16,602</u>
<b>Non-current:</b>		
Provision for long service leave	<u>480</u>	<u>2,161</u>
<hr/>		
<b>Note 14. Issued capital</b>		
1,286,098 ordinary shares fully paid (2018: 1,286,098)	1,419,343	1,419,343
Less: equity raising expenses	<u>(46,389)</u>	<u>(46,389)</u>
	<u>1,372,954</u>	<u>1,372,954</u>

Rights attached to shares

(a) *Voting rights*

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

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

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

(b) *Dividends*

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

(c) *Transfer*

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

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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**Note 14. Issued capital (continued)**

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Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if they control or own 10% or more of the shares in the company (the "10% limit").

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

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

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

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

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<b>Note 15. Accumulated losses</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Balance at the beginning of the financial year	(751,757)	(845,433)
Net profit from ordinary activities after income tax	85,306	93,676
Balance at the end of the financial year	<u>(666,451)</u>	<u>(751,757)</u>

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 16. Statement of cash flows</b>	<b>2019</b>	<b>2018</b>
	\$	\$
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	85,306	93,676
Non cash items:		
- depreciation	7,841	7,813
- amortisation	11,192	11,193
Changes in assets and liabilities:		
- (increase)/decrease in receivables	18,190	(16,867)
- (increase)/decrease in other assets	32,419	35,981
- increase/(decrease) in payables	(7,963)	2,425
- increase/(decrease) in provisions	1,830	6,036
Net cash flows provided by operating activities	<u>148,815</u>	<u>140,257</u>

### **Note 17. Leases**

Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	48,084	43,038
- between 12 months and 5 years	100,174	-
	<u>148,258</u>	<u>43,038</u>

The property lease is a non-cancellable lease with a three-year term that commenced on 1 July 2019 with one renewal option of three years.

### **Note 18. Auditor's remuneration**

Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,600	4,400
- share registry services	1,885	1,885
- other non audit services	2,530	2,430
	<u>9,015</u>	<u>8,715</u>

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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### Note 19. Director and related party disclosures

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

Geoffrey John Harper  
 Alice Christina Mantel  
 Nella Hall  
 Wayne Joseph Simpson  
 David Chenu  
 Belinda Dimovski (*Appointed 25 September 2018*)  
 Karen Elizabeth Walsh (*Appointed 25 September 2018*)  
 Philipps Parisi (*Resigned 15 August 2018*)  
 Ian Stanley Albertson (*Resigned 8 July 2018*)  
 Allan Frederick Petersen (*Resigned 8 July 2018*)

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

<b>Directors Shareholdings</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Geoffrey John Harper	-	-
Alice Christina Mantel	-	-
Nella Hall	-	-
Wayne Joseph Simpson	-	-
David Chenu	-	-
Belinda Dimovski ( <i>Appointed 25 September 2018</i> )	-	-
Karen Elizabeth Walsh ( <i>Appointed 25 September 2018</i> )	-	-
Philipps Parisi ( <i>Resigned 15 August 2018</i> )	-	-
Ian Stanley Albertson ( <i>Resigned 8 July 2018</i> )	1,000	1,000
Allan Frederick Petersen ( <i>Resigned 8 July 2018</i> )	-	-

There was no movement in directors shareholdings during the year.

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### Note 20. Key management personnel disclosures

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

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

#### **Community Bank** Directors' Privileges Package

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

# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 21. Earnings per share</b>	<b>2019</b>	<b>2018</b>
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	85,306	93,676
	<b>Number</b>	<b>Number</b>
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,286,098	1,286,098

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### **Note 22. Events occurring after the reporting date**

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

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### **Note 23. Contingent liabilities and contingent assets**

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

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### **Note 24. Segment reporting**

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The economic entity operates in the service sector where it facilitates **Community Bank** services in Homebush, New South Wales pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

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### **Note 25. Registered office/Principal place of business**

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

Registered Office  
27 Rochester Street  
Homebush NSW 2140

Principal Place of Business  
27 Rochester Street  
Homebush NSW 2140



# Homebush Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 26. Financial instruments

#### Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
			2019	2018	2019	2018	2019	2018				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
<b>Financial assets</b>												
Cash and cash equivalents	285,398	149,583	-	-	-	-	-	-	-	-	0.72	Nil
Receivables	-	-	-	-	-	-	-	-	48,048	59,848	N/A	N/A
<b>Financial liabilities</b>												
Payables	-	-	-	-	-	-	-	-	1,522	26,758	N/A	N/A

#### Net Fair Values

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

#### Credit Risk

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

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

#### Interest Rate Risk

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

#### Sensitivity Analysis

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

As at 30 June 2019, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2019	2018
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	2,854	1,496
Decrease in interest rate by 1%	(2,854)	(1,496)
Change in equity		
Increase in interest rate by 1%	2,854	1,496
Decrease in interest rate by 1%	(2,854)	(1,496)

# Homebush Financial Services Limited

## Directors' Declaration

In accordance with a resolution of the directors of Homebush Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Geoffrey John Harper, Chairman

Signed on the 24th of September 2019.

## Independent auditor's report to the members of Homebush Financial Services Ltd.

### Report on the audit of the financial report

#### Our opinion

In our opinion, the accompanying financial report of Homebush Financial Services Ltd., is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards.

#### What we have audited

Homebush Financial Services Ltd.'s (the company) financial report comprises the:

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

#### Basis for opinion

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

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

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

#### Other information

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

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

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

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

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

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

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

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

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

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

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated: 24 September 2019



**Joshua Griffin**  
Lead Auditor

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