

# 2018 Annual Report



Indigo Community  
Development Group Limited

ABN 38 146 766 725

Beechworth & District **Community Bank**® Branch

# Contents

---

<b>Chairman's report</b>	<b>2</b>
<b>Manager's report</b>	<b>3</b>
<b>Bendigo and Adelaide Bank report</b>	<b>5</b>
<b>Directors' report</b>	<b>6</b>
<b>Auditor's independence declaration</b>	<b>12</b>
<b>Financial statements</b>	<b>13</b>
<b>Notes to the financial statements</b>	<b>17</b>
<b>Directors' declaration</b>	<b>38</b>
<b>Independent audit report</b>	<b>39</b>

# Chairman's report

---

For year ending 30 June 2018

It is with great pleasure I present the seventh Annual Report on behalf of the Indigo Community Development Group Limited. In challenging times for the banking sector your **Community Bank**<sup>®</sup> branch has once again had growth, even though quite modest. We have managed to acquire new business but have had some institutional investors withdraw large term deposits. These deposits have not been transferred to other institutions but have been used for infrastructure.

We still managed to return an after-tax profit of \$96,351 for the financial year, notwithstanding that we have also contributed \$50,000 to the Bendigo Bank Community Enterprise Foundation™. These funds are for philanthropic projects which may arise in the future.

Over the past 12 months your **Community Bank**<sup>®</sup> branch has returned in excess of \$34,500 in grants and sponsorships to our community. We have also partnered with the Indigo Shire and purchased a new vehicle for use by the L2P Learner Driver Mentor Program. This program assists learners under the age of 21 to gain experience towards obtaining a probationary licence.

In the next financial year, we have already committed more than \$35,000 to fifteen community groups in our grants and sponsorship program. Since our opening we have returned more than \$270,000 back to the Beechworth and district community.

All of the Grants and Sponsorships to the community groups has only been made possible by the ongoing support of our shareholders and banking customers. The more we can all support the **Community Bank**<sup>®</sup> branch, the more the bank is able to support the community.

We also paid our third dividend of 6 cents per share, which is pleasing to be able to reward the community members who placed their trust in the **Community Bank**<sup>®</sup> model being established in Beechworth.

The Board was delighted to be able to employ a local young person in Aliza Robinson. She has become an integral part of the team and displays maturity beyond her years. Stacey Bruneau also returned to the branch and both her and Aliza have supported the Manager in her role. During the year Tracey Johns and Sharon Boys resigned and the Board would like to thank them for their service.

Our Manager Rani Macaulay has continued to excel with her positive attitude and enthusiasm and her ability to diversify the business. She has embedded herself in the community and is a great advocate for the **Community Bank**<sup>®</sup> model. The Board of Directors thank her for the past 12 months and look forward to working with her in the future.

I must thank my fellow Board of Directors for the time that they volunteer to make our **Community Bank**<sup>®</sup> branch a success. I would also like to thank retiring Board member Roberta Baker for her contribution to the **Community Bank**<sup>®</sup> company.

Your Board is continually looking at ways to improve your **Community Bank**<sup>®</sup> branch and is very enthusiastic and confident that the next 12 months will be even more successful than this year.



**Darren Carr**  
Chairman

# Manager's report

---

For year ending 30 June 2018

It is with pleasure that I again submit my annual Branch Manager's report for Beechworth & District **Community Bank**<sup>®</sup> Branch.

This financial year Beechworth District **Community Bank**<sup>®</sup> Branch again achieved another year of growth. This is once again a very pleasing result for everyone involved from the staff, the voluntary Board members, our customers and our shareholders but most of all a great result for our community.

The Beechworth & District **Community Bank**<sup>®</sup> Branch ended the financial year with funds under management totalling over \$94 million. We also increased our customer numbers to a total number of 1,796. I believe that the growth we continue to achieve is a testament to the **Community Bank**<sup>®</sup> model and the unique point of difference we offer with what we can contribute back to our local communities.

We have had some staff changes over the last twelve months and we acknowledge and thank previous staff members that have moved on to other opportunities. We acknowledge that this transition has delivered some challenges and we thank our customers for supporting us through this period of change.

The growth in our business has allowed Beechworth & District **Community Bank**<sup>®</sup> Branch to continue its charter of assisting local community groups and clubs and to contribute and partner in local community projects and initiatives. In the last year we have supported many local groups including Beechworth Secondary College, The Beechworth Hockey Club and the L2P Program by providing a vehicle. We have also continued to support a range of local events including The Golden Horseshoe Festival, the Celtic Festival and the Beechworth High School Fun Run. We are enormously proud of these contributions that we are able to make.

Whilst we are pleased with our business growth we know that we will need to continue providing superior levels of customer service, competitive products, interest rates and banking options to our customers to continue to grow and support our local community. None of which would be possible without the tremendous support and backing of Bendigo and Adelaide Bank Limited.

In our industry operational risk and regulatory requirements are always a major focus for Bendigo and Adelaide Bank Limited. This ensures our staff and branch adhere to correct policies and procedures. The operational reviews conducted at our branch over the last 12 months confirm that our staff continue to meet these policy and regulatory requirements.

We are also fortunate to receive great support from our business partners, Business Banker Tony Clarebrough, our Financial Planner Lauren Munro our Agribusiness Managers Matt McAninly and Kira Bryant. They are experts in their respective areas of business, finance, agribusiness and financial planning and provide great support and service to our branch and to our customers.

I also thank our Bendigo and Adelaide Bank Limited support team of Mark Brown (Regional Manager), Kendall Beattie (Regional Community Manager) and Dylan Villani (People Operations Manager), Monique Bonney (Local Connection Coordinator) and their teams who are also a great support to our branch and to our staff. I would also like to sincerely thank Board Chairman Darren Carr and the other Board members for their continued support and assistance. The Board members of Beechworth & District **Community Bank**<sup>®</sup> company, Indigo Community Development Group Limited, are all volunteers and I thank them for their passion and commitment.

## Manager's report (continued)

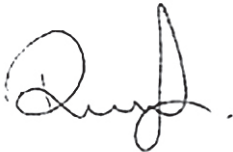
---

I would like to take this opportunity to thank my branch team of Aliza Robinson and Stacey Bruneau for their commitment to the branch and the **Community Bank**<sup>®</sup> model. Aliza has recently been very deservedly promoted to the role of Customer Relationship Officer after a wonderful first year in the branch and Stacey Bruneau has returned after 12 months in the Bright **Community Bank**<sup>®</sup> Branch. Stacey has brought 12 months of experience and knowledge back to the branch and has come back rejuvenated.

Most of all I would like to thank our local shareholders, our individual customers and the local business' and groups that choose to do their banking with Beechworth & District **Community Bank**<sup>®</sup> Branch. It is only because they do that we can provide the support that we do to our local communities. Our success is directly linked to the success of our communities so assisting local groups and supporting community events and projects is ultimately good for all of us.

On behalf of the branch staff we look forward to another year of servicing our current, new and potential customers, growing our business and continuing to support our communities.

Thank you,



**Rani Macaulay**  
**Branch Manager**

# Bendigo and Adelaide Bank report

---

For year ending 30 June 2018

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

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

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

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

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

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

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

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

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

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

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



**Robert Musgrove**  
**Bendigo and Adelaide Bank**

# Directors' report

---

For the financial year ended 30 June 2018

Your directors submit the financial statements of the company for the financial year ended 30 June 2018.

## Directors

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

### **Darren John Carr**

Chairman

Occupation: Self employed

Qualifications, experience and expertise: Darren moved to Beechworth in 2001 and has been involved in various committees including the Beechworth Chamber of Commerce and Industry, Indigo Economic Development and Tourism Advisory Committee. Darren currently owns and operates Beechworth Home Hardware and is one of the executive members of the Beechworth Men's Shed.

Special responsibilities: Nil

Interest in shares: 20,000

### **Jennifer Margaret Lucas**

Vice President / Deputy Chair

Occupation: Business Owner/Manager Lucas Mill Pty Ltd and Director/Manager W & J Lucas Pty Ltd (Farming business)

Qualifications, experience and expertise: Jennifer continues to live in Wooragee with her husband Warren Lucas and have done so for the past 30 years. She is a Business Owner/Manager of her family owned business Lucas Mills which employs 38 staff. With her partner Warren, they also run their own farming business and produce prime lamb & angus vealers each year. They own and manage farming land in Wooragee and Leneva. Jennifer was a Registered Nurse for the first 10 years of her working life and is very interested in health issues in the community. This is her third year as a board member for the **Community Bank**<sup>®</sup> branch and have held the position of vice chair for a second year. The **Community Bank**<sup>®</sup> branch have a new bank manager and two new staff members this year and exciting about some of our community funding projects for the coming year. Have previously been involved as treasurer and president in a number of community groups, but currently only on the board of our local **Community Bank**<sup>®</sup> branch.

Special responsibilities: Executive Committee & Collaborative Marketing Representative for our **Community Bank**<sup>®</sup> branch.

Interest in shares: 10,000

### **Lynette Anne Clark**

Treasurer

Occupation: Self Employed Bookkeeper/BAS Agent

Qualifications, experience and expertise: Lynette holds an Associate Diploma Business Accounting. She is a registered BAS Agent as well as being a Public Practice Member of the Association of Accounting Technicians. Lynette is also a member of the Australian Bookkeepers Network. Lynette has acted as Treasurer for the Beechworth Chamber of Commerce and is currently Treasurer of Beechworth Golden Horseshoes Festival. Lynette is also a graduate of the Alpine Valleys Leadership Program 2012-2013, and is a Meals on Wheels volunteer.

Special responsibilities: Nil

Interest in shares: 1,196

# Directors' report (continued)

---

## Directors (continued)

### **Susan Maree Humphris**

Secretary

Occupation: Caravan Park owner / Manager

Qualifications, experience and expertise: Certificate in Caravan Park operations, Frontline Management, Office Administration & Workplace Training & Assessment. Past Secretary of the Beechworth Chamber of Commerce and current secretary of the Victorian Caravan Parks North East Division. Contributed to many local organisations. Has been self employed and working in the caravan park industry for the past 11 years.

Special responsibilities:

Interests in shares: 10,001

### **Sharon-Lee Anne Stribley**

Director

Occupation: Small Business Owner

Qualifications, experience and expertise: Sharon-Lee has experience as a bank officer for 22 years. She is a Red Cross Team Leader with over 14 years experience. She is a former Treasurer the Beechworth Rural Fire Brigade and the Beechworth Swimming and Hockey Club. Sharon-Lee is also former board member of St Josephs' School and currently member of the Fire Brigade Command Facility Team.

Special responsibilities: Grants Committee, Magic Moments Coordinator

Interests in shares: 1,000

### **Stephen Graham**

Director

Occupation: Project Manager

Qualifications, experience and expertise: Currently holding a senior management position with Rivalea Australia Pty Ltd with 24 years of experience in Sales and Account Management, Strategic Planning and Project Management with previous experiences in retail management roles. Holding a Diploma in Business Management along with a long term employment in regional area, a passion for local community has grown.

Special responsibilities: Grants Committee

Interest in shares: Nil

### **Bruce Graeme Ray**

Director

Occupation: Airport Compliance Officer

Qualifications, experience and expertise: 35 years working in all government sectors (Federal, State and Local Government), approximately 40 years volunteer service in emergency services organisations, 16 years Law Enforcement experience NSW police and border force. Current CFA volunteer with Wooragee CFA (2nd Lieutenant). Currently employed by Albury City Council at Albury Airport as a airport systems & compliance officer. Tertiary qualifications include Bachelors of Applied Science (Parks, Recreation & Heritage) - Governance, Policy, Legislation, Community Involvement and Stakeholder Management.

Special responsibilities: Nil

Interest in shares: Nil



# Directors' report (continued)

---

## Directors (continued)

### **Pamela Aileen Thomas**

Director (Appointed 16 October 2017)

Occupation: Retired

Qualifications, experience and expertise: Pamela Thomas and her partner Harry moved from Melbourne to Beechworth in October 2010. Pamela began her career as a Librarian in the Public Service in Canberra and was seconded to a Division responsible for the organisation of United Nations Conferences, Inter-governmental Agencies and other Ministerial and senior level meetings hosted by the Commonwealth Government. Following her marriage in 1968, she and Harry moved to Melbourne. In 1980, Pamela established a business consultancy specialising as a professional conference and event planner. Clients included Federal and State Governments, BRW 500 Corporates and Small Business Sectors, professional business, academic and industry associations and organisations. Projects undertaken included: planning and management of successful and prestigious International and National conferences, meetings, seminars, trade exhibitions and major events handling between 250 to 3,500 participants. She was retained as a consultant from 1979-1983 by the Royal Australian Institute of Architects - Victorian Chapter for the development, management and staging of its Annual Awards Programme. Pamela was a founding member of the Association of Conference Executives (ACE) 1976 to 1985 and Chairman 1979-80. In 1981 she designed and conducted a specialist seminar series entitled 'All you ever wanted to know about Convention Planning... and more' that were conducted in Sydney and Melbourne in association with Ms Rosemary Howell, the then Secretary-General, Law Council of Australia. She was also a member of the International Women's Federation of Commerce & Industry (IWFCI) 1992-2003; an Associate of the Institute of Arbitrators & Mediators Australia (IAMA) and Member of the National Association for Gambling Studies 1998 to 2003.

Education/Qualifications: NSW High School Intermediate and Leaving Certificates (equivalent to Levels 10 and 12).

Organiser and participant over many years in Business Management, Public Relations, Marketing and Tourism Development Courses including: 'Management Skills for Women' Courses (1980's) conducted by the then School of Business, at former Caulfield Institute of Technology in association with Jumbunna, a Group for Women in Management.

Community Group Memberships: Indigo Shire Arts and Culture Advisory Committee Member 2010-2012. Indigo Shire Heritage Advisory Committee Member 2012 - 2016 (Chairman 2015 - 2017 and Deputy Chairman 2017 - current; Beechworth Arts Council Inc. 2010 - 2012; 2016 – current. Pamela is also a Member of The National Trust of Australia (Victoria) and The National Gallery Society of Victoria.

Special responsibilities: Nil

Interest in shares: 5,000

### **Stuart Scott Cumming**

Director (Appointed 26 February 2018)

Occupation: Marketing Strategist

Qualifications, experience and expertise: B.Com/LLB, Solicitor (NSW). Consumer Marketing Strategy and Project Management, joint CEO Cumming Agency and Studios Pty Ltd (1997-2017). Director; Silver Creek Marketing Pty Ltd (2017 - present), Director; SCEGGS Darlinghurst Trust Limited (fundraising arm of SCEGGS Darlinghurst Limited (2002 - present); Corporate Solicitor (1982 - present).

Special responsibilities: Nil

Interest in shares: Nil

# Directors' report (continued)

---

## Directors (continued)

### Joseph Thompson Arblaster

Director (Resigned 17 July 2017)

Occupation: General Manager - Beechworth Building and Construction

Qualifications, experience and expertise: Carpenter self employed from 2002-2009. General Manager of Beechworth Building & Construction 2009-present. Committee member of the Beechworth Chamber of Commerce 2012-2014. Director of ICDG P/L. Has skill and qualifications in Project Management, Cash flow, Management, HR Management, Contract Administration and is a qualified Carpenter.

Special responsibilities: Nil

Interest in shares: 1,000

### Roberta Gaye Baker

Director (Resigned 16 October 2017)

Occupation: Communications Manager

Qualifications, experience and expertise: Over 30 years experience in communications, journalism, media, PR with private and public organisations. Involved in various community groups with skills including strategic planning, corporate plans and strategies.

Special responsibilities: Nil

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 Susan Maree Humphris. Susan was appointed to the position of secretary on 11 October 2010.

Sue has extensive workplace experience in business administration, office manager and workplace training. She has obtained several related Certificates through further study.

## Principal Activities

The principal activities of the company during the financial year were facilitating **Community Bank**<sup>®</sup> 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 2018	Year ended 30 June 2017
\$	\$
96,351	95,179

## Dividends

	Year ended 30 June 2018	
	Cents	\$
Dividends paid in the year	6	49,374

# Directors' report (continued)

---

## 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.

## Directors' meetings

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

	Board Meetings Attended	
	Eligible	Attended
Darren John Carr	11	11
Jennifer Margaret Lucas	11	9
Lynette Anne Clark	11	10
Susan Maree Humphris	11	10
Sharon-Lee Anne Stribley	11	10
Stephen Graham	11	8
Bruce Graeme Ray	11	9
Pamela Aileen Thomas (Appointed 16 October 2017)	8	6
Stuart Scott Cunning (Appointed 26 February 2018)	8	4
Joseph Thompson Arblaster (Resigned 17 July 2017)	-	-
Roberta Gaye Baker (Resigned 16 October 2017)	3	2

## Directors' report (continued)

---

### **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.

### **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 12.

Signed in accordance with a resolution of the board of directors at Beechworth, Victoria on 26 September 2018.



**Darren John Carr,**  
**Chairman**

# Auditor's independence declaration

---



Chartered Accountants

61 Bull Street, Bendigo 3550  
PO Box 454, Bendigo 3552  
03 5443 0344  
afsbendigo.com.au

---

## Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Indigo Community Development Group Limited

As lead auditor for the audit of Indigo Community Development Group Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 26 September 2018

A handwritten signature in black ink, appearing to read 'David Hutchings'.

**David Hutchings**  
Lead Auditor

Taxation | Audit | Business Services

Liability limited by a scheme approved under Professional Standards Legislation. ABN 51 061 795 337

# Financial statements

---

## Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	667,645	681,772
Employee benefits expense		(274,798)	(296,173)
Charitable donations, sponsorship, advertising and promotion		(94,432)	(78,955)
Occupancy and associated costs		(45,780)	(48,481)
Systems costs		(28,355)	(27,589)
Depreciation and amortisation expense	5	(25,876)	(25,594)
General administration expenses		(65,477)	(72,309)
<b>Profit before income tax expense</b>		<b>132,927</b>	<b>132,671</b>
Income tax expense	6	(36,576)	(37,492)
<b>Profit after income tax expense</b>		<b>96,351</b>	<b>95,179</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>96,351</b>	<b>95,179</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
Basic earnings per share	23	11.71	11.57

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Balance Sheet as at 30 June 2018

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	486,351	393,625
Trade and other receivables	8	58,423	62,206
<b>Total current assets</b>		<b>544,774</b>	<b>455,831</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	100,998	94,887
Intangible assets	10	67,501	80,931
Deferred tax asset	11	-	16,742
<b>Total non-current assets</b>		<b>168,499</b>	<b>192,560</b>
<b>Total assets</b>		<b>713,273</b>	<b>648,391</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	27,374	26,985
Current tax liabilities	11	5,442	-
Borrowings	13	5,792	-
Provisions	14	11,981	14,562
<b>Total current liabilities</b>		<b>50,589</b>	<b>41,547</b>
<b>Non-current liabilities</b>			
Borrowings	13	7,888	-
Provisions	14	223	4,586
Deferred tax liabilities	11	5,338	-
Total non-current liabilities		13,449	4,586
<b>Total liabilities</b>		<b>64,038</b>	<b>46,133</b>
<b>Net assets</b>		<b>649,235</b>	<b>602,258</b>
<b>EQUITY</b>			
Issued capital	15	802,117	802,117
Accumulated losses	16	(152,882)	(199,859)
<b>Total equity</b>		<b>649,235</b>	<b>602,258</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2016		802,117	(262,122)	539,995
Total comprehensive income for the year		-	95,179	95,179
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	(32,916)	(32,916)
<b>Balance at 30 June 2017</b>		<b>802,117</b>	<b>(199,859)</b>	<b>602,258</b>
Balance at 1 July 2017		802,117	(199,859)	602,258
Total comprehensive income for the year		-	96,351	96,351
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	(49,374)	(49,374)
<b>Balance at 30 June 2018</b>		<b>802,117</b>	<b>(152,882)</b>	<b>649,235</b>

The accompanying notes form part of these financial statements.



## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		731,633	758,460
Payments to suppliers and employees		(581,386)	(637,593)
Interest received		5,784	7,022
Income taxes paid		(9,054)	-
<b>Net cash provided by operating activities</b>	<b>17</b>	<b>146,977</b>	<b>127,889</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(877)
Payments for intangible assets		-	(67,153)
<b>Net cash provided by/(used in) investing activities</b>		<b>-</b>	<b>(68,030)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(4,877)	-
Dividends paid	21	(49,374)	(32,916)
<b>Net cash used in financing activities</b>		<b>(54,251)</b>	<b>(32,916)</b>
<b>Net increase in cash held</b>		<b>92,726</b>	<b>26,943</b>
Cash and cash equivalents at the beginning of the financial year		393,625	366,682
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7(a)</b>	<b>486,351</b>	<b>393,625</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

---

For year ended 30 June 2018

## Note 1. Summary of significant accounting policies

### 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 Standard Boards (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 a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2017, and are therefore relevant for the current financial year.

AASB 9 Financial Instruments sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This accounting standard is not expected to have a material impact on the financial statements.

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This accounting standard is not expected to have a material impact on the financial statements.

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 2017. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard 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.

# Notes to the financial statements (continued)

---

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

### a) Basis of preparation (continued)

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

The company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the company's borrowing rate at 1 January 2019, the composition of the lease portfolio at that date, the latest assessment of whether the company will exercise any lease renewal options and the extent to which the company chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the company will recognise new assets and liabilities for its operating lease of its branch. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating lease amount to \$105,874, on an undiscounted basis (see Note 18).

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

#### 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**<sup>®</sup> branch at Beechworth, Victoria.

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

# Notes to the financial statements (continued)

---

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

### **b) Revenue**

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. 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).

#### 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.

Note: In very simplified terms, currently, deposit return means the interest Bendigo and Adelaide Bank Limited gets when it invests the money the customer deposits with it. The cost of funds means the interest Bendigo and Adelaide Bank Limited pays when it borrows the money to give a customer a loan.

For those products and services on which margin is paid, 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.

Products and services on which margin is paid include variable rate deposits and variable rate home loans.

#### 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.

#### 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).

# Notes to the financial statements (continued)

---

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

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

#### Discretionary financial contributions (continued)

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.

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**<sup>®</sup> 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**<sup>®</sup> 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.

### **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.

# Notes to the financial statements (continued)

---

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

### **c) Income tax (continued)**

#### Deferred tax (continued)

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 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.

### **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.

# Notes to the financial statements (continued)

---

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

### **g) Property, plant and equipment (continued)**

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
- motor vehicle                                 3 - 5 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.

### **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 are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

#### Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### Classification and subsequent measurement

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

##### (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

# Notes to the financial statements (continued)

---

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

### **k) Financial instruments (continued)**

#### Classification and subsequent measurement (continued)

##### (iii) 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.

#### Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

### **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.



# Notes to the financial statements (continued)

---

## Note 2. Financial risk management

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. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

(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.

(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 2018 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.

# Notes to the financial statements (continued)

---

## Note 3. Critical accounting estimates and judgements

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

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

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

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

### 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.

### Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

### 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.

## Notes to the financial statements (continued)

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

#### Impairment of assets (continued)

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.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>

### Note 4. Revenue from ordinary activities

#### Operating activities:

- gross margin	470,613	459,044
- services commissions	113,541	137,509
- fee income	40,566	43,449
- market development fund	35,000	35,000
<b>Total revenue from operating activities</b>	<b>659,720</b>	<b>675,002</b>

#### Non-operating activities:

- interest received	5,541	6,738
- other revenue	2,384	32
<b>Total revenue from non-operating activities</b>	<b>7,925</b>	<b>6,770</b>
<b>Total revenues from ordinary activities</b>	<b>667,645</b>	<b>681,772</b>

### Note 5. Expenses

#### Depreciation of non-current assets:

- plant and equipment	1,108	1,066
- leasehold improvements	8,945	9,669
- motor vehicles	2,392	-

## Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 5. Expenses (continued)		
Amortisation of non-current assets:		
- franchise agreement	2,238	2,198
- establishment fee	-	3,333
- franchise renewal fee	11,193	9,328
	<b>25,876</b>	<b>25,594</b>
<b>Bad debts</b>	<b>50</b>	<b>-</b>

## Note 6. Income tax expense

The components of tax expense comprise:

- Current tax	14,497	-
- Movement in deferred tax	5,724	3,719
- Recoupment of prior year tax losses	16,355	33,773
	<b>36,576</b>	<b>37,492</b>

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows

Operating profit	132,927	132,671
Prima facie tax on loss from ordinary activities at 27.5% (2017: 27.5%)	36,555	36,485
Add tax effect of:		
- non-deductible expenses	21	1,008
- timing difference expenses	(5,724)	(3,720)
	<b>30,852</b>	<b>33,773</b>
Movement in deferred tax	5,724	3,719
	<b>36,576</b>	<b>37,492</b>

## Note 7. Cash and cash equivalents

Cash at bank and on hand	175,950	189,860
Term deposits	310,401	203,765
	<b>486,351</b>	<b>393,625</b>

### 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	175,950	189,860
Term deposits	310,401	203,765
	<b>486,351</b>	<b>393,625</b>

## Notes to the financial statements (continued)

	2018 \$	2017 \$
<b>Note 8. Trade and other receivables</b>		
Trade receivables	51,802	54,520
Prepayments	5,575	6,397
Other receivables and accruals	1,046	1,289
	<b>58,423</b>	<b>62,206</b>

## Note 9. Property, plant and equipment

Leasehold improvements		
At cost	146,677	146,677
Less accumulated depreciation	(69,460)	(60,515)
	<b>77,217</b>	<b>86,162</b>
Plant and equipment		
At cost	32,598	31,098
Less accumulated depreciation	(23,481)	(22,373)
	<b>9,117</b>	<b>8,725</b>
Motor vehicles		
At cost	17,056	-
Less accumulated depreciation	(2,392)	-
	<b>14,664</b>	-
<b>Total written down amount</b>	<b>100,998</b>	<b>94,887</b>
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	86,281	95,950
Additions	-	-
Disposals	-	-
Less: depreciation expense	(8,945)	(9,669)
<b>Carrying amount at end</b>	<b>77,336</b>	<b>86,281</b>
Plant and equipment		
Carrying amount at beginning	8,606	8,794
Additions	1,500	878
Disposals	-	-
Less: depreciation expense	(1,108)	(1,066)
<b>Carrying amount at end</b>	<b>8,998</b>	<b>8,606</b>

## Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 9. Property, plant and equipment (continued)		
Motor vehicles		
Carrying amount at beginning	-	-
Additions	17,056	-
Disposals	-	-
Less: depreciation expense	(2,392)	-
<b>Carrying amount at end</b>	<b>14,664</b>	-
<b>Total written down amount</b>	<b>100,998</b>	<b>94,887</b>

## Note 10. Intangible assets

Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	-	-
Franchise fee		
At cost	21,192	21,192
Less: accumulated amortisation	(14,104)	(11,865)
	<b>7,088</b>	<b>9,327</b>
Renewal processing fee		
At cost	55,961	55,961
Less: accumulated amortisation	(20,519)	(9,328)
	<b>35,442</b>	<b>46,633</b>
Redomicile fee	14,880	14,880
Goodwill on purchase of agency	10,091	10,091
<b>Total written down amount</b>	<b>67,501</b>	<b>80,931</b>

## Note 11. Tax

### Current:

<b>Income tax payable</b>	<b>5,442</b>	-
---------------------------	--------------	---

### Non-Current:

Deferred tax assets		
- accruals	770	743
- employee provisions	3,356	5,266
- tax losses carried forward	-	16,355
	<b>4,126</b>	<b>22,364</b>

## Notes to the financial statements (continued)

	Note	2018 \$	2017 \$
Note 11. Tax (continued)			
Deferred tax liability			
- accruals		288	355
- property plant and equipment		9,176	5,267
		<b>9,464</b>	<b>5,622</b>
<b>Net deferred tax asset/(liability)</b>		<b>(5,338)</b>	<b>16,742</b>
<b>Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income</b>		<b>22,080</b>	<b>37,492</b>

## Note 12. Trade and other payables

### Current:

Trade creditors		15,227	22,257
Other creditors and accruals		12,147	4,728
		<b>27,374</b>	<b>26,985</b>

## Note 13. Borrowings

### Current:

Chattel mortgage	Note 18	5,792	-
		<b>5,792</b>	-

### Non-Current:

Chattel mortgage	Note 18	7,888	-
		<b>7,888</b>	-

Chattel Mortgage is repayable monthly with the final instalment due on 26 September 2020. Interest is recognised at an average rate of 6.95% (2017: Nil). The mortgage is secured by a fixed and floating charge over the company's assets.

## Note 14. Provisions

### Current:

<b>Provision for annual leave</b>		<b>11,981</b>	<b>14,562</b>
-----------------------------------	--	---------------	---------------

### Non-Current:

<b>Provision for long service leave</b>		<b>223</b>	<b>4,586</b>
---	--	------------	--------------

## Notes to the financial statements (continued)

	2018 \$	2017 \$
<b>Note 15. Issued capital</b>		
822,897 ordinary shares fully paid (2017: 822,897)	822,897	822,897
Less: equity raising expenses	(20,780)	(20,780)
	<b>802,117</b>	<b>802,117</b>

### 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**<sup>®</sup> 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*.

### 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 any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 280. As at the date of this report, the company had 320 shareholders.

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



## Notes to the financial statements (continued)

### Note 15. Issued capital (continued)

#### Prohibited shareholding interest (continued)

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.

	2018 \$	2017 \$
<b>Note 16. Accumulated losses</b>		
Balance at the beginning of the financial year	(199,859)	(262,122)
Net profit from ordinary activities after income tax	96,351	95,179
Dividends provided for or paid	(49,374)	(32,916)
<b>Balance at the end of the financial year</b>	<b>(152,882)</b>	<b>(199,859)</b>

### Note 17. Statement of cash flows

Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities

Profit from ordinary activities after income tax	96,351	95,179
Non cash items:		
- depreciation	12,445	10,735
- amortisation	13,431	14,859
Changes in assets and liabilities:		
- (increase)/decrease in receivables	3,783	6,286
- (increase)/decrease in other assets	16,742	104,645
- increase/(decrease) in payables	389	(90,799)
- increase/(decrease) in provisions	(6,944)	(13,016)
- increase/(decrease) in current tax liabilities	10,780	-
<b>Net cash flows provided by operating activities</b>	<b>146,977</b>	<b>127,889</b>

## Notes to the financial statements (continued)

	2018 \$	2017 \$
<b>Note 18. Leases</b>		
Finance lease commitments		
Payable - minimum lease payments:		
- not later than 12 months	6,517	-
- between 12 months and 5 years	8,146	-
<b>Minimum lease payments</b>	<b>14,663</b>	-
Less future finance charges	(983)	-
<b>Present value of minimum lease payments</b>	<b>13,680</b>	-

The finance lease for the motor vehicle, which commenced in 26 September 2017, is a three year lease. Interest is recognised at an average rate of 6.95% (2017: Nil).

### Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

- not later than 12 months	33,434	32,460
- between 12 months and 5 years	72,440	102,789
	<b>105,874</b>	<b>135,249</b>

The property lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The lease commenced on 1 August 2011 and was renewed 1 August 2016. The lease has one further 5 year term option available.

## Note 19. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	4,400	4,200
- share registry services	4,413	5,707
- non audit services	3,270	3,260
	<b>12,083</b>	<b>13,167</b>

# Notes to the financial statements (continued)

## Note 20. Director and related party disclosures

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

Darren John Carr  
Jennifer Margaret Lucas  
Lynette Anne Clark  
Susan Maree Humphris  
Sharon-Lee Anne Stribley  
Stephen Graham  
Bruce Graeme Ray  
Pamela Aileen Thomas (Appointed 16 October 2017)  
Stuart Scott Cuning (Appointed 26 February 2018)  
Joseph Thompson Arblaster (Resigned 17 July 2017)  
Roberta Gaye Baker (Resigned 16 October 2017)

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>2018</b>	<b>2017</b>
Darren John Carr	20,000	20,000
Jennifer Margaret Lucas	10,000	10,000
Lynette Anne Clark	1,196	1,196
Susan Maree Humphris	10,001	10,001
Sharon-Lee Anne Stribley	1,000	1,000
Stephen Graham	-	-
Bruce Graeme Ray	-	-
Pamela Aileen Thomas (Appointed 16 October 2017)	5,000	-
Stuart Scott Cuning (Appointed 26 February 2018)	-	-
Joseph Thompson Arblaster (Resigned 17 July 2017)	1,000	1,000
Roberta Gaye Baker (Resigned 16 October 2017)	-	-

There was no movement in directors' shareholdings during the year.

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>

## Note 21. Dividends provided for or paid

### a. Dividends paid during the year

Current year dividend		
<b>Unranked dividend - 6 cents (2017: 4 cents) per share</b>	<b>49,374</b>	<b>32,916</b>

## Notes to the financial statements (continued)

---

### Note 22. Key management personnel disclosures

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.

### Note 23. Earnings per share

	2018 \$	2017 \$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	96,351	95,179

---

	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	822,897	822,897

### Note 24. Events occurring after the reporting date

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

### Note 25. Contingent liabilities and contingent assets

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

### Note 26. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Beechworth, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

### Note 27. Registered office/Principal place of business

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

**Registered Office**

78 Ford Street  
Beechworth VIC 3747

**Principal Place of Business**

78 Ford Street  
Beechworth VIC 3747

# Notes to the financial statements (continued)

## Note 28. 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					
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 %	2017 %
<b>Financial assets</b>												
Cash and cash equivalents	175,950	189,860	310,401	203,765	-	-	-	-	-	-	1.18	1.73
Receivables	-	-	-	-	-	-	-	-	51,802	54,520	N/A	N/A
<b>Financial liabilities</b>												
Interest bearing liabilities	-	-	5,792	-	7,888	-	-	-	-	-	6.95	N/A
Payables	-	-	-	-	-	-	-	-	15,227	22,257	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.

## Notes to the financial statements (continued)

---

### Note 28. Financial instruments (continued)

#### Sensitivity Analysis (continued)

As at 30 June 2018, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Change in profit/(loss)		
Increase in interest rate by 1%	4,727	3,936
Decrease in interest rate by 1%	(4,727)	(3,936)
Change in equity		
Increase in interest rate by 1%	4,727	3,936
Decrease in interest rate by 1%	(4,727)	(3,936)

# Directors' declaration

---

In accordance with a resolution of the directors of Indigo Community Development Group 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 2018 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.



**Darren John Carr,**  
**Chairman**

Signed on the 26th of September 2018.

# Independent audit report

---



Chartered Accountants

61 Bull Street, Bendigo 3550  
PO Box 454, Bendigo 3552  
03 5443 0344  
afsbendigo.com.au

---

## Independent auditor's report to the members of Indigo Community Development Group Limited

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial report of Indigo Community Development Group Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

#### What we have audited

Indigo Community Development Group Limited'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 entity.

#### 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.

Taxation | Audit | Business Services

Liability limited by a scheme approved under Professional Standards Legislation. ABN 51 061 795 337



## Independent audit report (continued)

---

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 so 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: 26 September 2018



**David Hutchings**  
Lead Auditor

Beechworth & District **Community Bank**<sup>®</sup> Branch  
78 Ford Street, Beechworth VIC 3747  
Phone: (03) 5728 3122 Fax: (03) 5728 1168

Franchisee: Indigo Community Development Group Limited  
PO Box 379, Beechworth VIC 3747  
Phone: (03) 5728 3122  
ABN: 38 146 766 725

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

(BNPAR18077) (10/18)



[bendigobank.com.au](http://bendigobank.com.au)

