



Annual Report 2017

Inner West Community
Enterprises Limited

ABN 93 124 893 705

Seddon **Community Bank**[®] Branch

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Chair's report

For year ending 30 June 2017

It has again been my privilege to hold the position of Chair of Inner West Community Enterprises Limited (IWCEL). Like many **Community Bank**[®] branches, we continued to work through a transition period, adjusting to slowed revenues as we clarify the full impact of changes in the funding model with our partner, Bendigo and Adelaide Bank. We have also had substantial changes in our branch staff, and the Board has committed to a strategy and structure to build our future.

As foreshadowed last year, and led by our former Chairman, Andy Moutray-Read, we have built a corporate team at the Dream Factory. Andy and his team are maximising the revenue potential of the Seddon **Community Bank**[®] Branch through partnerships, developing new revenue streams, and supporting the building of more sustainable organisations, schools, sporting clubs and community groups in the Inner West. Our team is a 'Community of Community Builders', and it includes individuals and groups with skills in business development, grants writing, media and youth



engagement. Board members complement the team, working on your behalf to maximise opportunities to broaden the IWCEL revenue base, for a stronger, more sustainable and more profitable future.

Our results are slightly down on last year, with a pre-tax profit of \$41,550. This reflects some slowing in growth, as well as reduced revenue from continued low interest rates and narrower margins within in the Bendigo and Adelaide Bank's new Funds Transfer

Pricing model. The Board committed to investment in infrastructure growth to develop new businesses and revenue streams, rather than contribute to the Community Enterprise Foundation™, as we have in the last two years. With our bold mission statement to 'Grow the Inner West', we believe that a continued focus on only one business and revenue stream limits our ability to achieve our goals.

A significant part of our results was the payment of a dividend of 8 cents per share, and community contributions of over \$90,000. We also reached an important milestone, with total funds given back to our community exceeding \$500,000. Our third annual 'Community Pitch' evening was the most successful yet, strengthening our connections to local businesses and new community groups, and delivering an additional pool of funds to support local initiatives and programs to benefit our community.

Once again, we supported and participated in key community events, including the Seddon and Yarraville Festivals, the new West Footscray Festival, School Banking at five local schools, and the Yarraville Carols. The Carols evening coincided with the aftermath of the fire that destroyed the home of Les Twentyman's 20th Man Foundation. Les'



organisation has helped hundreds of children with Christmas presents and supplies, including schoolbooks. Before the Carols evening, IWCE put out the call to help, and we were overwhelmed by the kindness and generosity of our community. The community's contribution resulted in four carloads of gifts and books, delivered to the event and the **Community Bank**[®] branch. This is what our community stands for, and as the Chair of Inner West Community Enterprises Limited, I am proud to be part of this community, and work on your behalf to serve it as best I can.

Chair's report (continued)

We have also built a strong relationship, including the provision of a loan, with The Westsider Newspaper, an important organisation that keeps our community informed and engaged by telling local stories. The loan enabled The Westsider to continue its monthly publication, which you have no doubt seen in many local businesses.

As in the past, the Board is well supported by our committees: the Strategy Committee, led by David Brennan; the Community Engagement Committee, Chaired by Megan Bridger-Darling; the People and Performance Committee, with Jenny Vizec leading; and the Finance, Audit, Risk and Governance Committee, Chaired by Jack Fitcher.

I thank the members of these committees for their work and contribution to the continued success of IWCEL.

After a period of interim management, we appointed Ashley Coles as our Branch Manager. We said goodbye to original staff member, Linda Woods, and our BDM, Darren Hodge, which led to promotions for Esha Shrestha and Trish Roache. We also welcomed a new Customer Relationship Manager in Jonathon Ray. I record my thanks and gratitude to our staff, all of whom have made an enormous contribution to the success of Seddon **Community Bank**[®] Branch.

If you have not met the branch team, particularly our new recruits, and talked with them about your banking needs, I strongly encourage you to visit the branch. As shareholders, please continue to tell the story of how important the **Community Bank**[®] model is in the Inner West. You are a fundamental part of IWCEL, and I ask that you share, with your friends, family and business partners, the benefits of the Seddon **Community Bank**[®] Branch, and the difference that moving their banking to us can make to our community.

The Board was grateful for the contribution of Michael Bodman, who retired during the year. We have welcomed two new Directors: Pamela Sutton-Legaud and Tony Sticca.

I extend my personal thanks to all of the Board, staff and committee members of Inner West Community Enterprises, for their passion, enthusiasm and contribution, and look forward to continued success and a sustainable future. I am honoured to lead as Chair, and thank you for the privilege.



Sarah Natalie Franklyn
Chair

Chief Executive Officer's report

For year ending 30 June 2017

As the inaugural CEO of IWCEL it is my pleasure to submit the first Annual Report to shareholders for your consideration.

With the growth of IWCEL, through the Seddon **Community Bank**[®] Branch since it was opened in 2009, we have been able to support our local community by way of our grants and sponsorships program which has to date benefited 97 community groups, schools and sporting clubs, plus 21 different festivals and events (most of them for multiple years). The total return to our community over the last eight years has exceeded \$500,000, an amazing success in such a short time!

The company has recently invested in a corporate team to support the Board and deliver on its strategies. As the CEO I am proud to work with Deirdre O'Donnell

(Executive Officer) and more recently Suzanne Saunders (Marketing and Communications Manager) as we support the growth of the Seddon **Community Bank**[®] Branch plus source, investigate and deliver additional opportunities and revenue streams back to IWCEL and its shareholders.



One of the major pieces of work undertaken this year was the delivery of a Strategic Plan. Pamela Sutton-Legaud was appointed by the Board and interviewed current Board members and branch and corporate staff, plus key Bendigo Bank representatives to deliver a tangible working document. This Strategic Plan has since been drafted to an operational plan and with further input from Board and staff members this will be delivered by the branch and the corporate office over the coming months and years.

Key take outs from this plan include:

- Identifying key focus groups within our community (eg Youth, Families, Grant Recipients).
- Restructuring the current grants and sponsorships into a community investment framework will enable IWCEL to build deeper and more meaningful relationships with our key community clubs and organisations.
- Providing a focus on key significant partners within our community (eg: Victoria University, Maribyrnong Council, Western Bulldogs).
- Launching IWCEL as a known brand in the Inner West - a go-to organisation that can deliver financial and non-financial outcomes to the local community to help 'Grow The Inner West'.

This has provided a structure to the organisation which has resulted in immediate outcomes.

Partnership with VU

VU has partnered with IWCEL by providing two Youth Worker students to deliver a framework for IWCEL to create and run a Youth Board. Amanda and Jaimi are researching local youth led committees and combining their findings with global best practice to deliver a framework for a youth led board to invest into youth projects in our community.

VU is partnering with Seddon **Community Bank**[®] Branch to deliver a '**Community Bank**[®] Challenge' pitching teams of VU students against each other to design and deliver three charity fundraising events using IWCEL Board and staff as mentors to each team.

Chief Executive Officer's report (continued)

We have built a strong relationship with VU executive, round tabling the opportunities available to partner VU and Seddon **Community Bank**® Branch. This is a longer-term proposal but we believe will bring benefits to IWCEL, VU and the local community.

The Dream Factory - “Building a Community of Community Builders”

Having interacted over many years with local sporting clubs, schools and community groups, it is clear that there are needs over and above the financial support we can provide to them. There has been feedback that assistance is required in committee development and governance, that significant funding is required for capital projects and programs, and that on many committees so few do so much. The need for services such as grants writing, treasury, social media, marketing and others has meant that those with expertise are beginning to flourish whilst others are beginning to struggle.



IWCEL can therefore position itself as either a provider or a conduit to community building services, by either engaging local experts to deliver services or training to local community committees.



We have developed our space at The Dream Factory into a ‘Community of Community Builders’ where we have an open office suitable for community building service providers to collaborate and deliver cross-profession solutions to the community.

Grants Writing

As part of this structure we have engaged Chris Gardner from FMS Solutions to partner with us as our Community Grants Writer. Chris is able to provide expert opinion on community grants as well as write grants on behalf of community committees who are unable to complete this task themselves.

The Westsider

The most frustrating experience we have as Directors, staff and members of the Seddon **Community Bank**® Branch is that so few of the community know what we do. Telling our story has not been successful in the past and so we have taken steps to deliver our successes to our community through a more structured and thorough process.

Late last year we came across an opportunity to not only help a struggling community enterprise, but also invest in a key media resource that provides great benefit to the local community through community journalism.

The Westsider Newspaper receives amazing stories about the Inner West's people, places and events from volunteer writers to produce a free monthly newspaper. Government funding had dried up and they were struggling to find the support required to cover the costs of publishing the paper.

IWCEL has provided support to the paper plus also partnered with local businesses to ensure that the paper continues to print. In saving the paper, it has also provided a means to help promote local community events, whilst also proving to be a key method for advertising in our community.

Chief Executive Officer's report (continued)

Bringing the Westsider team into our 'community of Community Builders' space in The Dream Factory we have been able to support Derek, Kelly and their volunteer team with collaboration and introduction to local businesses and community alike.

Community Wealth

Investigation on the design and development of a new wealth business for the Inner West has been completed and in February we received formal sign off from Bendigo Bank to proceed with developing our own wealth business. This process has taken some time and we are delighted that Bendigo Bank has acknowledged our commitment by supporting the Board with this approval.

The next phase is to source suitable existing business to acquire or find the best available candidate to develop a new revenue stream for IWCEL. This is currently underway.

Community Pitch

The 2017 Community Pitch saw 18 local businesses invest in 18 local community programs and projects that required funding. With more businesses and more community projects the Community Pitch concept has been identified by a number of other **Community Bank**[®] companies as a way to engage with their community whilst also collaborating with local businesses to deliver local community outcomes. IWCEL is working through a process to design a model that can be replicated to communities throughout Australia.



The investment into the corporate team has delivered a framework from which IWCEL can diversify the future growth of the company. Delivering banking services still remains the core of the business, both from a financial success and from a community building operation, but we are now positioned to push into new enterprises whilst strengthening our community relationships.

A handwritten signature in black ink, appearing to read 'Andy Moutray-Read'.

Andy Moutray-Read
Inner West Community Enterprises Limited

Manager's report

For year ending 30 June 2017

The 2016/17 financial year was a challenging but rewarding year for the Seddon **Community Bank**[®] Branch. The branch undertook a transitional year with a focus on the staffing structure. This led to the appointment of a new Branch Manager and Customer Relationship Manager along with internal promotions of Esha Shrestha and Trish Roache. Although this was a challenging period it allowed the branch to be staffed in a sustainable way to contribute towards greater success. This also held us in a great position to handle the increased banking volumes in response to the closure in May of the Footscray branch.

The financial year saw lots of highlights, not limited to but including;

- Business balances grew by 10.7%, resulting in an increase of our book size of \$12.629 million to \$134.211 million.
- New accounts up 9%
- 163% increase in wealth referrals
- Awarded the region leader for financial planning referral's
- Insurance revenue up \$19,585
- Region leading results in superannuation sales

Not to rest on the solid foundation, we are under no illusion as to how challenging our continued growth performance will be, given the subdued economic climate and stiff competition from our banking competitors. To those shareholders who are yet to bring their banking across to us, I invite you to call into the branch and discuss your needs with our friendly staff. To those shareholders who have supported our branch, I thank you for your current, continued and ongoing support.

As a **Community Bank**[®] branch our mantra of supporting our local community continues in earnest with numerous clubs, schools and organisations receiving funding exceeding \$500,000. It's exciting to think how much could be done if everyone in the Inner West held all their banking with us.

To my amazing staff Jonathon, Esha, Trish, Teena and Jasmin, we've come a long way this past year and I'd like to publicly thank you for all the support you have provided me and outstanding work you do, which I know I and our customers greatly appreciate.

Finally on behalf of the branch team and myself, thank you for all those who continue to support their community.



Ashley Coles
Branch Manager



Directors' report

For the financial year ended 30 June 2017

Your Directors submit the financial statements of the company for the financial year ended 30 June 2017.

Directors

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

Sarah Natalie Franklyn

Director

Occupation: Marketing Consultant

With a Bachelor of Business Marketing from Monash, Sarah has spent many years working in the loyalty, membership and digital industries across a number of sectors along with volunteering her time as a mentor to university graduates and other community groups. Sarah has also worked as a consultant for many small businesses and entrepreneurs to help build their marketing and business plans. A long term resident of Yarraville, Sarah shares a passion for the people and places of the inner west.

Special responsibilities: Chairperson

Interests in shares: 1,050

Jan Jelte Wiersma

Director

Occupation: Consultant

Qualifications, experience and expertise: Consultant in residential tertiary education. Former General Manager at Melbourne and Mt Eliza Business Schools. Past Dean at Trinity College, University of Melbourne and St Mark's College, University of Adelaide. Involved in Cross-Safe Yarraville and Preserve Yarraville Village.

Special responsibilities: None

Interest in shares: 1,000

David St John

Director

Occupation: Logistics Analyst

Qualifications, experience and expertise: David was employed for over 30 years in the shipbuilding industry at Williamstown in roles such as payroll, systems development, statistical analysis, technical writing, documentation control and managing design change. He has been a participant in the Maribyrnong Bike Plan Review Project Reference Group. David is currently part of a team trying to establish the Footscray Makers Lab, a co-operative for maker/designer/artist/producer citizens in Footscray and the surrounding areas.

Special responsibilities: Company Secretary

Interest in shares: 2,100

Michael Francis Bodman

Director (Resigned 18 September 2016)

Occupation: Company Director

Qualifications, experience and expertise: Michael joined the Board in 2015 with a specific focus on generating new opportunities for community investment, using his experience and local networks to connect with the local community. Michael's work history includes extensive consulting experience within the Australian sport, recreation, community and government sectors. He has a particular passion for growing and enhancing community level activities and organisations and is now channelling this experience towards assisting local clubs and organisations to achieve their goals.

Special responsibilities: Nil

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Jonathon Victor Fitcher

Director

Occupation: Chief Financial Officer

Qualifications, experience and expertise: Jack is a qualified Certified Practising Accountant and a graduate member of the Australian Institute of Company Directors. He has over 20 years' experience working in Finance roles across various industries. He is currently the Chief Financial Officer and a member of the Executive team for the Australian Energy Market Operator (AEMO) which is a national company with over 500 employees that operate the gas and electricity markets.

Special responsibilities: Treasurer

Interest in shares: Nil

Jennifer Anne Vizec

Director

Occupation: Project Manager, Department of Health and Human Services, Victorian Public Service

Qualifications, experience and expertise: Along with many years working in the West, Jenny brings experience from across the private, State and Federal public sectors. Jenny has a Masters of Business Administration and is a Graduate of the Australian Institute of Company Directors. She has a strong understanding of community sectors, including sport and recreation, infrastructure, disability, recruitment and labour market programs. Jenny is currently project managing the redevelopment of Colanda, Victoria's last congregate care institution and works across Geelong, Colac and Melbourne. Jenny is married and lives in Williamstown.

Special responsibilities: Chair of People and Performance Committee

Interest in shares: Nil

David Patrick Brennan JP GAICD Ffin

Director

Occupation: Investment Banker DipFin Mgt, B.Bus(Law), ExecEd(Harv.)

Qualifications, experience and expertise: David is currently the Head of Distribution (CSB) at Bendigo Bank. David is an experienced investment management professional, having held roles with Dimensional Fund Advisors and Macquarie Bank. He also holds a number of Board positions including the Australasian College of Sport and Exercise Physicians, General Practice Registrars Australia, the Intensive Care Foundation of Australian and NZ, the New Palm Court Orchestra and the Australia Literary Journal at ANU. David is a Compass Council Member at the Faculty of Business & Economics, Melbourne University and is a Justice of the Peace in NSW and Victoria. David holds degrees in Finance and Business Law from ESC Rouen, France and the University of Technology, Sydney along with post-graduate studies in Strategic Management at the John F. Kennedy School of Government, Harvard University. David is a Graduate of the Australian Institute of Company Directors and a Fellow of the Financial Service Institute of Australasia.

Special responsibilities: Chair of Strategy Committee

Interest in shares: Nil

Megan Bridger-Darling

Director

Occupation: Community Organiser

Qualifications, experience and expertise: Megan has been an Inner West resident for 10 years and has helped to develop local projects consistently over that time. Her special interest areas include communications and community development, utilising Event Design & Management skills. Her contribution to the community and culture of the Inner West has seen positive changes to the community. Megan is currently completing studies at Victoria University in International Security, Politics and History.

Special responsibilities: Chair of Community Engagement Committee

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Adam Hindmarsh Sawell

Director

Occupation: Marketing Communications Consultant

Qualifications, experience and expertise: A committed 'Westy', Adam's focus is on marketing and community engagement in support of the Seddon **Community Bank**[®] Branch and Inner West Community Enterprises Ltd. He brings with him many years' experience of working with private, public sector and government organisations in a marketing communications capacity. He has previously served on the Board of an inner west sporting organisation and his marketing consultancy business is based in the Dream Factory, Footscray. Adam is a member of the Chartered Institute of Public Relations (UK) and the Communications Advertising and Marketing Foundation.

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 David St John.

David has held a range of positions in administrative and technical roles in the shipbuilding industry.

Principal activities

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

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

Operating results

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

Year ended 30 June 2017 \$	Year ended 30 June 2016 \$
41,550	65,112

Remuneration report

Directors' remuneration

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.

Transactions with Directors

There were no transactions with Directors during the period under review.

Directors' report (continued)

Remuneration report (continued)

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year	Transactions after end of the year
Jan Jelte Wiersma	1,000	-	1,000	-
David St John	2,100	-	2,100	-
Michael Francis Bodman (Resigned September 2016)	-	-	-	-
Jonathon Victor Fitcher	-	-	-	5,000
Jennifer Anne Vizec	-	-	-	-
Sarah Franklyn	-	1,050	1,050	-
David Brennan	-	-	-	-
Megan Darling	-	-	-	-
Adam Sawell	-	-	-	-

Dividends

	Year ended 30 June 2017		Year ended 30 June 2016	
	Cents	\$	Cents	\$
Final dividends paid	8.0	53,416	7.5	50,078

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.

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 specifically excluded by the insurance policy.

Directors' report (continued)

Directors' meetings

	Board meeting attended	
	Eligible	Attended
Jan Jelte Wiersma	9	9
David St John	9	9
Michael Francis Bodman	0	0
Jonathon Victor Fitcher	8	6
Jennifer Anne Vizec	8	7
Sarah Franklyn	9	9
David Brennan	9	9
Megan Darling	9	8
Adam Sawell	9	6

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year..

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 (Frederik Eksteen of Collins & Co) 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, in accordance with the advice received from the audit committee 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 audit committee 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 13.

Signed in accordance with a resolution of the Board of Directors at Seddon, Victoria on 26 September 2017.



Sarah Natalie Franklyn
Chairperson

Auditor's independence declaration

TOWARDS A VISION SHARED



127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605

**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**
TO THE DIRECTORS OF
INNER WEST COMMUNITY ENTERPRISES LIMITED
A.B.N. 93 124 893 705

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2017 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448

Collins & Co
127 Paisley Street
FOOTSCRAY VIC 3011

Dated this 26th day of September 2017.

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Revenues from ordinary activities	4	1,096,083	1,045,327
Employee benefits expenses		(475,656)	(441,070)
Charitable donations, sponsorship, advertising and promotion		(138,011)	(224,167)
Occupancy and associated costs		(113,426)	(75,837)
Systems costs		(38,206)	(44,711)
Depreciation and amortisation expense	5	(23,594)	(23,100)
Finance costs	5	(4)	-
General administration expenses		(248,693)	(153,632)
Profit before income tax expense		58,493	82,810
Income tax expense	6	(16,943)	(17,698)
Profit after income tax expense		41,550	65,112
Total comprehensive income for the year attributable to members		41,550	65,112
Earnings per share (cents per share)		c	c
Basic attributable profit for the period:	21	6.22	9.75

The Statement of Comprehensive Income is to be read in conjunction with the independent audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2017

	Notes	2017 \$	2016 \$
Assets			
Current assets			
Cash and cash equivalents	7	235,842	357,950
Trade and other receivables	8	181,160	106,494
Total current assets		417,002	464,444
Non current assets			
Property, plant & equipment	9	109,661	113,352
Intangible assets	10	12,680	26,527
Deferred tax asset	11	5,209	8,325
Total non-current assets		127,550	148,204
Total assets		544,552	612,648
Liabilities			
Current liabilities			
Trade and other payables	12	94,028	142,772
Tax liability	11	7,039	5,183
Provisions	13	11,385	11,789
Total current liabilities		112,452	159,744
Non-current liabilities			
Provisions	13	12,632	21,570
Total non-current liabilities		12,632	21,570
Total liabilities		125,084	181,314
Net assets		419,468	431,334
Equity			
Issued share capital		607,707	607,707
Accumulated members funds/ (losses)		(188,239)	(176,373)
Total equity		419,468	431,334

The balance sheet is to be read in conjunction with the independent audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2017

	Issued share capital \$	Accumulated losses \$	Total \$
Balance at 1 July 2015	607,707	(191,407)	416,300
Total comprehensive income for the year	-	65,112	65,112
	607,707	(126,295)	481,412
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Dividends provided for or paid	-	(50,078)	(50,078)
Balance at 30 June 2016	607,707	(176,373)	431,334
Balance as at 1 July 2016	607,707	(176,373)	431,334
Total comprehensive income for the year	-	41,550	41,550
	607,707	(134,823)	472,884
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Dividends provided for or paid	-	(53,416)	(53,416)
Balance as at 30 June 2017	607,707	(188,239)	419,468

The statement of changes in equity is to be read in conjunction with the independent audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2017

	Notes	2017 \$	2016 \$
Cash flows from operating activities			
Receipts from customers		1,020,907	1,023,464
Payments to suppliers and employees		(1,071,169)	(870,720)
Interest received		3,974	5,239
Interest paid		(4)	-
Income tax paid		(11,971)	(4,916)
Net cash generated from/ (used in) operating activities		(58,263)	153,067
Cash flows from investing activities			
Payment for property, plant and equipment		(10,429)	(1,776)
Net cash (used in)/ provided by investing activities		(10,429)	(1,776)
Cash flows from financing activities			
Dividends paid		(53,416)	(50,078)
Net cash used in financing activities		(53,416)	(50,078)
Net increase/ (decrease) in cash held		(122,108)	101,213
Cash and cash equivalents at beginning of financial year		357,950	256,737
Cash and cash equivalents at end of half-year		235,842	357,950

The statement of cash flows is to be read in conjunction with the independent audit report and the notes to the financial statements.

Notes to the financial statements

For year ended 30 June 2017

Note 1. Statement of significant accounting policies

The financial statements and notes represent those of Inner West Community Enterprises Limited, the company.

Statement of compliance

These financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards.

Basis of preparation

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 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.

Adoption of new and amended accounting standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Seddon, Victoria.

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

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

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

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

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

The third source of revenue is a proportion of the fees and charges (i.e. what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

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 unpaid (or refundable).

Deferred tax

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

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

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

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.

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

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.

Property, plant and equipment

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

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

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

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

Intangibles

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

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.

Payment terms

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

Borrowings

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

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Financial instruments (continued)

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.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) 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 comprehensive income.

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.

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 of 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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Contributed equity

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.

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.

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.

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.

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

(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 2015 can be seen in the statement of comprehensive income.

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

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 un-recouped 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 comprehensive income.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

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

Impairment of assets

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

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

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

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

	2017 \$	2016 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	1,041,797	975,050
- other revenue	50,312	65,038
Total revenue from operating activities	1,092,109	1,040,088
Non-operating activities:		
- interest received	3,974	5,239
Total revenues from ordinary activities	1,096,083	1,045,327

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 5. Expenses		
Depreciation of non-current assets:		
- plant and equipment	770	828
- leasehold improvements	8,977	8,425
Amortisation of non-current assets:		
- franchise agreement	13,847	13,847
- franchise renewal fee	11,537	11,537
Finance costs:		
- interest paid	4	-
Bad debts	21,641	3,233

Note 6. Income tax expense/credit

The components of tax expense comprise:

- Current tax	14,300	10,260
- Movement in deferred tax	2,421	6,706
- Recoupment of prior year tax losses	-	732
- Change in company tax rate from 30% to 27.5%	694	-
- Under/(Over) provision of tax in the prior period	(472)	-
	16,943	17,698

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

Operating profit	58,493	82,810
Prima facie tax on profit from ordinary activities at 27.5% (2016: 30%)	16,086	24,843
Add tax effect of:		
- non-deductible expenses	635	693
- timing difference expenses	(2,421)	(6,706)
- other deductible expenses	-	-
Current tax	14,300	18,830
Movement in deferred tax	2,421	6,706
Change in company tax rate from 30% to 27.5%	694	-
Under/(Over) provision of income tax in the prior year	(472)	(7,838)
	16,943	17,698

Notes to the financial statements (continued)

	2017 \$	2016 \$
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Note 7. Cash and cash equivalents

Cash at bank and on hand	54,778	114,368
Term deposits	181,064	243,582
	235,842	357,950

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	54,778	114,368
Term deposits	181,064	243,582
	235,842	357,950

Note 8. Trade and other receivables

Trade receivables	142,386	100,884
Other receivables and accruals	4,000	543
Prepayments	5,074	5,067
Security bond	8,500	-
Loan to Inner West Community Media Incorporated	21,200	-
	181,160	106,494

Note 9. Property, plant and equipment

Plant and equipment

At cost	44,568	44,568
Less accumulated depreciation	(34,747)	(33,977)
	9,821	10,591

Leasehold improvements

At cost	184,171	184,171
Less accumulated depreciation	(90,387)	(81,410)
	93,784	102,761

Furniture & Fittings

At cost	10,429	-
Less accumulated depreciation	(4,373)	-
	6,056	-

Total Written Down Value	109,661	113,352
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Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 9. Property, plant and equipment (continued)		
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	10,591	9,643
Additions	-	1,776
Disposals	-	-
Less: depreciation expense	(770)	(828)
Carrying amount at end	9,821	10,591
Leasehold improvements		
Carrying amount at beginning	102,761	111,186
Additions	-	-
Disposals	-	-
Less: depreciation expense	(8,977)	(8,425)
Carrying amount at end	93,784	102,761
Furniture & Fittings		
Carrying amount at beginning	-	-
Additions	10,429	-
Disposals	-	-
Less: depreciation expense	(4,373)	-
Carrying amount at end	6,056	-
Total Written Down Value	109,661	113,352

Note 10. Intangible assets

Franchise fee		
At cost	21,537	21,537
Less: accumulated amortisation	(19,432)	(17,122)
	2,105	4,415
Renewal processing fee		
At cost	57,684	57,684
Less: accumulated amortisation	(47,109)	(35,572)
	10,575	22,112
Total Written Down Value	12,680	26,527

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 11. Taxation		
Provision for Income Tax	7,039	5,183
Deferred tax assets		
- accruals	-	-
- employee provisions	6,605	10,008
- tax losses carried forward	-	-
Total deferred tax assets	6,605	10,008
Deferred tax liability		
- accruals	-	163
- deductible prepayments	1,395	1,520
Total deferred tax liabilities	1,395	1,683
Net deferred tax asset	5,209	8,325
Movement in deferred tax charged to statement of comprehensive income	3,115	7,599

Note 12. Trade and other payables

Trade creditors	68,434	120,074
Other creditors and accruals	25,594	22,698
	94,028	142,772

Note 13. Provisions

Current:

Provision for annual leave	11,385	11,789
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Non-Current:

Provision for long service leave	12,632	21,570
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Note 14. Contributed equity

667,696 Ordinary shares fully paid (2016: 667,696)	635,901	635,901
Less: equity raising expenses (Seddon)	(28,194)	(28,194)
	607,707	607,707

Notes to the financial statements (continued)

Note 14. Contributed equity (continued)

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

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 246. As at the date of this report, the company had 260 shareholders.

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

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

Notes to the financial statements (continued)

Note 14. Contributed equity (continued)

Prohibited shareholding interest (continued)

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.

	2017 \$	2016 \$
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Note 15. Statement of cash flows

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

Profit from ordinary activities before income tax	58,493	82,810
Non cash items:		
- depreciation	9,747	9,253
- amortisation	13,847	13,847
Changes in assets and liabilities:		
- (increase)/ decrease in receivables	(71,202)	(16,624)
- (increase)/ decrease in prepayments & other assets	(3,464)	-
- increase/ (decrease) in payables	(44,371)	86,349
- increase/ (decrease) in provisions	(9,342)	(17,652)
- (increase)/ decrease in deferred tax assets	3,115	7,599
- increase/ (decrease) in income tax liabilities	(15,087)	(12,515)
Net cash flows provided by operating activities	(58,263)	153,067

Notes to the financial statements (continued)

	2017 \$	2016 \$
Note 16. Leases		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	87,662	52,769
- between 12 months and 5 years	105,551	114,333
- greater than 5 years	-	-
	193,213	167,102

The branch premises lease is a non-cancellable lease with a five-year term. The lease commenced on 7 May 2014 and has two 5 year renewal options remaining. Rent payable monthly in advance and is increased annually by CPI.

The Dream Factory premises agreement is a non-cancellable licence with a three-year term. The lease commenced on 3 October 2016 and has two 3 year renewal options remaining. Licence Fees payable monthly in advance and is increased annually by 3.5%.

	2017 \$	2016 \$
Note 17. Auditor's remuneration		
Amounts received or due and receivable by the Auditor of the company for: Frederik Eksteen & Collins & Co		
- audit and review services	3,700	3,700
- non audit services	2,800	2,800
	6,500	6,500

Note 18. Director and related party 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.

Transactions with Directors

There were no transactions with Directors during the period under review.

	2017 \$	2016 \$
Key Management Personnel Shareholdings		
Ordinary shares fully paid	4,150	35,652

Detailed shareholding disclosures are provided in the remuneration report, included as part of the Directors' report.

Notes to the financial statements (continued)

	2017	2016
	\$	\$

Note 19. Dividends paid or provided

Dividends paid during the year

- Unfranked dividend - 8 cents (2016: 7.5 cents) per share	53,416	50,078
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Note 20. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share

41,550	65,112
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	Number	Number
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(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share

667,696	667,696
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Note 21. 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 22. 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 23. Segment reporting

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

Note 24. 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

90 Charles Street
Seddon Vic 3011

Principal Place of Business

90 Charles Street
Seddon Vic 3011

Notes to the financial statements (continued)

Note 25. Financial instruments

Financial instrument composition and maturity analysis

The information 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					
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 %	2016 %
Financial assets												
Cash and cash equivalents	54,778	114,368	181,064	243,582	-	-	-	-	-	-	2.25%	1.85%
Receivables	-	-	-	-	-	-	-	-	142,386	100,884	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Payables	-	-	-	-	-	-	-	-	94,028	142,772	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 25. Financial instruments (continued)

Sensitivity analysis (continued)

As at 30 June 2017, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2017	2016
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	1,811	2,436
Decrease in interest rate by 1%	1,811	2,436
Change in equity		
Increase in interest rate by 1%	1,811	2,436
Decrease in interest rate by 1%	1,811	2,436

Directors' declaration

In accordance with a resolution of the Directors of Inner West Community Enterprises Limited, we state that:

In the opinion of the Directors:

1. The financial statements and notes are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the company as at 30 June 2017 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date;
 - (b) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. 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.



Sarah Natalie Franklyn
Chairperson

Dated this 26 September 2017

Independent audit report



Collins & Co

CERTIFIED PRACTISING ACCOUNTANTS
ABN 15 893 818 045

127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605

www.collinsco.com.au

TOWARDS A VISION SHARED

INNER WEST COMMUNITY ENTERPRISES LIMITED
A.B.N. 93 124 893 705
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Opinion

I have audited the accompanying financial report of Inner West Community Enterprises Limited (the company), which comprises the statement of financial position as at 30 June 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of Directors.

In my opinion, the accompanying financial report of Inner West Community Enterprises 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 2017 and of its performance and cash flows for the year ended on 30 June 2017; and
- ii. complying with Australian Accounting Standards and the Corporations Act 2001.

Basis of Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company would be on the same terms if given to the directors as at the time of this auditor's report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Directors for the Financial Report

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

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

Independent audit report (continued)



Auditor's Responsibilities for the Audit of the Financial Report

My 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

Conclude on the appropriateness of the responsible entities use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

A handwritten signature in black ink, appearing to read 'R. Eksteen', with a long horizontal flourish extending to the right.

Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448

Collins & Co
127 Paisley Street
FOOTSCRAY VIC 3011

Dated this 26th day of September 2017.

Seddon **Community Bank**[®] Branch
90 Charles Street, Seddon VIC 3011
Phone: (03) 9687 2500 Fax: (03) 9396 1200

Franchisee: Inner West Community Enterprises Limited
PO Box 313, Seddon West VIC 3011
Phone: (03) 9687 2500
ABN: 93 124 893 705

www.bendigobank.com.au/seddon
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