

Inner West Community Enterprises Limited

ABN 93 124 893 705



Annual Report

Seddon Community Bank Branch

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Chair's report

For year ending 30 June 2019

In our 10th year, I am thrilled to help our community recognise and celebrate the contribution of the Seddon Community Bank Branch to the inner west of Melbourne. The photo on the cover of our Annual Report helps to demonstrate the commitment of our team, with our CEO (and former Chair) Andy Moutray-Read flanked by our longest serving staff members Esha Shrestha and Teena Brown. This dedicated trio has been a key part of our organisation from the start, and we also recognise their 10th anniversary. It's time to reflect on all that we have achieved together; to thank all who have been part of it, and to outline our plans for the future.

Our first decade has delivered:

- Support to 151 community groups, schools and sports clubs
- Direct sponsorships and grants of \$644,289
- Partnerships that have returned \$219,000 to the community, with Victoria University, Community Pitch Partners and Footscray Rotary
- Continued support of The Westsider, which has distributed and printed 60,000 copies this year
- Support for MAD Youth action committee in raising \$3,000, and
- \$379,002 in Shareholder returns.

This total of \$1,245,291 has had an enormous impact on our community, and it feels like we are just getting started.

I am proud – as your Chair of Inner West Community Enterprises Limited (IWCE) – to submit my fourth Annual Report in one of our toughest and yet immensely satisfying years. The challenging financial environment; the Banking Royal Commission; reducing interest rates, and a general cooling of the economy – especially the real estate market – have all contributed to significantly lower revenue and profits. Our pre-tax profit for the year is \$12,599. Although lower than that of previous years, the Board has exercised sound judgement by trimming expenses wherever possible, while still remaining committed to supporting many activities, clubs and groups in our community. In times like these, perhaps our community needs us more than ever.

We have had a strong theme of 'sustainability' this year, where we have looked to support many organisations without direct grants. A fantastic example of this was our support of Envision. Led by Suzanne Saunders, our Marketing and Community Connection Co-ordinator, we connected with numerous companies and schools in our community to collect plastic bottle tops. Our simple act of facilitating recycling in our community meant that this plastic was converted into 3D printing filament, and made into prosthetic hands for children in war-torn areas. Our hugely successful campaign garnered the interest of our broader community, bringing many people to the branch, who had little awareness of the impact of their recycling actions. This is an example of the 'community connections' on which the Seddon Community Bank Branch and Inner West Community Enterprises prides itself. We will continue to develop and foster these very real community connections.



Chair's report (continued)

The theme of partnerships took on even greater significance in the 2019 financial year. Our determination to maximise benefits for the inner west, through potential partnerships and without financial imposition on the Company, led us to investigate other funding possibilities. We were aware that all levels of government encourage community strengthening projects through the provision of specific grants, and that funding for specific grants was awarded on the basis of successful competitive applications from eligible community organisations. Despite our track-record in community building, our formal status – as a for-profit company – left us ineligible to apply for any such government funding. After considering possibilities, the Directors and professional staff of our company, acting as a group of like-minded individuals independently of the company, established a structurally unrelated incorporated association, which – as an incorporated association – would be eligible to apply for government funding when the opportunity arose.

The rest is history! I am pleased to announce the establishment of Inner West Community Foundation Incorporated. It is a completely independent entity, with no formal structural links to Inner West Community Enterprises. It is, however, through informal personal relationships, an association whose community ethos is identical to that of IWCE. We believe that the new Foundation will extend the breadth and depth of our community relationships, and we are confident that more banking business will follow, thereby strengthening the company and ultimately adding value for shareholders.

Indirectly, through the Foundation, we have already achieved a major breakthrough, and one of our most exciting partnerships to date is up and running. Partnering with Footscray Rotary, we applied for a State Government Pick My Project grant, and were successful in securing \$100,000 to establish the Inner West Community Bike Hub. Our CEO will share more of this project in his report, and I urge all of our shareholders to check out the Bike Hub, and support it in whatever way you can.



We also actively participated in the Community Bank Western Region Marketing Cluster, where I served as Chair of that organisation. This collaborative group produced a series of videos and ads showcasing all that we do in our local communities. The videos have been airing in cinemas throughout the western suburbs. We have also sponsored SALT (Sport and Life Training) to deliver programs to local sporting groups, helping transform our culture through sport.

Chair's report (continued)



The 10th Birthday celebrations saw us reflecting on all that we have helped to create, and inspired the whole team to greater things in the future. It was clear through the good wishes from our birthday party guests, colleagues from other Community Bank branches, and the Bendigo and Adelaide Bank Limited management, that the Seddon Community Bank Branch and IWCE team are active and visible contributors to our community in a number of significant ways. This year, we helped raise enough funds for 'A Defib in a Day' Campaign for Footscray West Primary School at the West Footscray Festival of Colours. All of our branch staff, IWCE team and Board members took time on the day to rattle the tins and help this important cause.

With one of the 'Big 4' banks closing another branch in our community, we can see first-hand that traditional full-service banking in 'bricks and mortar' branches is under serious threat. We need to make our branch more than just a place to do your banking. Our branch is a place where you pick up the local news from The Westsider; learn about the latest community events and festivals, and celebrate the diversity of the wonderful inner west. Perhaps in the future, our branch will be a place where community groups who need volunteers will connect, and where we will showcase the best of what happens around our neighbourhood.

What we do know is that more than ever we need the support of customers, local businesses and community organisations, as their banking partner. Bendigo and Adelaide Bank Limited, under the stewardship of the new Managing Director, Marnie Baker, is bold in its plans to grow, and we share that vision. We will continue to invest in our branch team, led by Ashley Coles, along with Jonathon Ray, Esha Shrestha, Trish Roache, Teena Brown and Therese Jeitani, to ensure that they have what they need to build our most important asset and revenue stream.

We will also continue to deliver on our strategy of developing additional revenue streams for our community company and shareholders, and the Board has empowered Andy Moutray-Read and his team, Suzanne Saunders and Deirdre O'Donnell, to deliver on these plans.

I would like to thank all of our team for the enormous contribution they make to the success of the Seddon Community Bank Branch and IWCE.

Chair's report (continued)

The commitment of our Board was once again a fantastic driver in the success of this year. I would like to thank the Chairs of our Standing Committees, our working groups and our office bearers. Their work at the Committee level allowed the Board to keep its eye on strategy, risk and governance. I'll take this opportunity to extend an enormous thanks to:

- Pamela Sutton-Legaud, Chair of Stakeholder Engagement and our Community Pitch working group
- Jack Fitcher Treasurer, Chair of Finance, Audit, Risk and Governance Committee
- David St John, Company Secretary
- Jenny Vizec, Chair of People and Performance Committee.

Our other Board members, Wal Wiersma, Tony Sticca, Pat Jess and Alisa Hood, also brought their considerable experience and expertise to the table. I would also like to thank retiring Directors Adam Sawell and David Brennan for their significant contribution. And although they no longer serve as Board members, they – like other former Directors – continue to support us and tell our story.



My role as Chair would not be possible without the support of our team, in particular Deirdre O'Donnell, who assists the Board and me in the execution of our obligations, and always goes above and beyond the call of duty.

Our 10th Birthday was a huge milestone! We are thankful for all the work that has helped to get us here, and we are excited by the next stage. Thank you for the opportunity to serve as your Chair; to work with our team, and to build our future.

Sarah Natalie Franklyn

Chair

Inner West Community Enterprises Limited

Chief Executive Officer's report

For year ending 30 June 2019

The last twelve months has been a busy time for the Community Team at Inner West Community Enterprises Limited (IWCE).

With tightening revenues from our Seddon Community Bank Branch, we have endeavoured to look at alternative, more sustainable programs to support our community, rather than simply handing out cheques.

We have proven again that by supporting our community through engagement and connection, we have achieved success with incredible outcomes. I am proud that we can showcase some examples here.

Inner West Community Bike Hub

After more than a year of planning and development, we were delighted to launch the Inner West Community Bike Hub in August of this year.

This project is a collaboration between IWCE and the Rotary Club of Footscray, who have run the Footscray Bike Shed successfully for over five years. The Bike Shed is made up of volunteers who repair donated bikes, and provide them to those in need, including asylum seekers and refugees. To date, over 650 bikes have been provided to the inner west community. By partnering with Footscray Rotary, we were able to secure funding from the State Government. This enabled us to commit to a site at Lickety Split on Moreland Street, Footscray, which is now a home for the Bike Hub, delivering the following:

- a professional bicycle workshop which repairs and services customers' bikes from Monday to Friday,
- a base for the Bike Shed on Saturday, and
- a Members' Day each Sunday, enabling Bike Hub members to use the facilities and tools to fix their own bikes (and to discuss everything cycling!).

Income earned from the repair and servicing of bikes is used to support the Bike Shed program.

This project brings together community organisations, the State Government and private enterprise to provide local employment and an important focal point for connections. We are in the process of developing community programs for safe cycling and bike maintenance.



Chief Executive Officer's report (continued)

Community Bank Challenge

Over the last three years, we have supported Victoria University students in their academic group projects to raise funds for our community. Each fundraising project effectively becomes part of a subject earning credit towards the participants' degree studies, with a 'pass' grade depending on delivering practical outcomes. So far, we have supported nine student teams with mentoring and modest seed funding, enabling each team to plan and deliver three fundraising events for their chosen not-for-profit organisation.

Since embarking on our partnership with VU, those teams have collectively raised more than \$12,000 for our community, which is an outstanding result for the students and our community beneficiaries. It also provides a sense of pride and purpose for our mentors!



Community Pitch

Every May, we hold our annual Community Pitch. This event brings together local businesses to hear community groups 'pitch' their projects and programs, before rewarding successful groups with funding to support those projects



and programs. Community Pitch is now in its fifth year, and at this year's event we were joined by representatives of 22 local businesses who laughed, cried and were simply amazed at the entertaining 'pitches' from 15 local community groups before investing over \$23,000 into these wonderful community projects.

This year's efforts brought the total community investment to date through our annual Community Pitch to well over \$100,000!

Our Community Campaigns

By engaging our community in programs through our branch, we have not only showcased our community support, but also exposed our branch team to local people who may not otherwise have engaged with us. Here are some outstanding examples of our community campaigns:

Envision

In April, we decided to support Envision. Envision is a not-for-profit organisation that collects plastic bottle top caps, which they then recycle into prosthetic limbs; such a simple concept with far-reaching outcomes.

We led campaigns and defined collection points throughout our community networks including local schools and businesses in Seddon, Yarraville and West Footscray, and even spread the word to other Community Bank branches.

Chief Executive Officer's report (continued)

Defib in a Day

In partnership with the teachers, parents and volunteers from Footscray West Primary School, we helped in raising \$2,400 for the school to purchase a defibrillator.

Footscray West Primary School approached us for assistance in funding a new defibrillator for the local community. With the School team and volunteer parents, we set out a plan to raise all of the necessary funds, all in one day, by taking the fundraising event beyond the school grounds and into the wider community to maximise support. The 'Defibrillator in a Day' campaign was born!

The West Footscray Festival of Colours was the perfect event for maximum involvement with – and exposure to – the local community. IWCE kicked off the fundraiser with a \$500 donation. We provided the site, marquee and volunteers to spruik for donations on the day. And the School community provided a huge array of homemade cakes, biscuits, sweets, jams and plants for the produce stall. It was a fun and engaging way to showcase the collective community! With the support of locals and businesses, we were delighted to achieve – on the day – the \$2,400 required to purchase the defibrillator.

MAD Youth

Partnering with VU, in particular some of its third-year Youth Work students, we have launched MAD Youth. This successful project is designed to help IWCE consider the needs of our youth in the community. Over the last 12 months, we have brought together a team of active and engaged young adults who have delivered amazing results. In such a short time they have achieved the following:

Barbeque Stand at Footscray Finds

MAD Youth were generously offered the opportunity to run a fundraising barbeque every second Sunday of the month at the Footscray Finds market. This opportunity not only created revenue, but also brought the team together. Some of the funds raised went to RUOK Day and Doing It in a Dress. Other revenue was retained for future opportunities, which didn't take long to arise!

Coffee Cart at West Footscray Football Club

In discussions with WFFC, an opportunity arose for the MAD Youth group to build a small enterprise to deliver barista coffee to the parents of junior football teams and Auskick players on Saturday and Sunday mornings. Footscray West Primary School donated a coffee machine and grinder. WFFC provided space at Shorten Reserve each weekend, and volunteers provided training and serviced the equipment. Sims Supermarket sponsored the enterprise with donations of all milk, coffee and condiments, and Alfa Bakehouse provided doughnuts.



Chief Executive Officer's report (continued)

The team learnt how to make coffee, serve customers, and run a business. They were delighted to report a profit, part of which they donated to the WFFC All Aboard Fund, which provides support for players who otherwise may not be able to afford to play. This was another outstanding community effort, bringing together volunteers, businesses, a local school and sporting club, to provide a regular coffee and hot chocolate service to local parents and children.

Asylum Seeker Resource Centre

MAD Youth supported a number of organisations over the year. However, a major focus for them was to support young asylum seekers through the Asylum Seeker Resource Centre (ASRC). After a tour of the ASRC building, and meeting some amazing people there, MAD Youth has connected with a youth group, holding several gatherings with them. Over the second half of the year, they were able to secure tickets through the Western Bulldogs, enabling members of MAD Youth to host ASRC Youth members for an afternoon at the football. More programs are planned for the future.

School Banking

We continue to support children in our community by providing school banking services to five local Primary Schools: Footscray West, Footscray North, Footscray City, Corpus Christi and St Augustine's each host school banking one day per week, where their students can attend our mobile Community Bank Branch counter, and transact with Branch staff. This contributes to financial literacy by providing a great learning opportunity for basic understanding of finances, while also growing their savings. It's also a fun and engaging way for our staff to connect with our community.

The Dream Factory and our Community of Community Builders

Over the last twelve months, we have constantly monitored and reviewed the benefits of leasing space in the Dream Factory. With our initial lease expiring in October, we have carefully evaluated the benefits of managing our own space against the costs incurred.

Although acknowledging the benefits of hosting community events and organisations within our space, in the current economic climate the associated costs make this an expensive option. We have therefore decided not to renew our lease.

Looking forward, we believe strongly that there is still a need to bring our community together with regular opportunities for networking and collaboration. However, we can also contribute to genuine community building with community activities such as the new Community Bike Hub, our Community Pitch event, our Community Bank Challenge with VU, and by developing further MAD Youth and our other community activities. This will bring savings, as well as providing a focus on developing our current programs.

We will enhance our website to provide further opportunities for connections and collaboration, and – of course – we will continue to develop and strengthen personal connections with our community clubs and organisations.



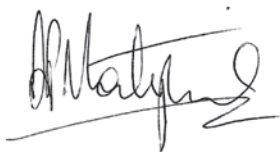
Chief Executive Officer's report (continued)

Acknowledgments

I would like to take this opportunity to thank Sarah Franklyn, the Chair of IWCE, and her Board, for their ongoing support and direction. Without the efforts of the company's Directors we would not have the direction and focus on our developing programs.

Nothing can be achieved without good people, and we are very fortunate to have Suzanne Saunders and Deirdre O'Donnell working tirelessly to ensure that our programs and events are successful. With Suzanne's expertise, we have significantly increased our social media and online presence, enabling us to connect with more of the community, more often. Deirdre ensures that our finance and governance is managed professionally, while also providing valuable support to the Board. Our branch team, led by Ashley Coles, was extremely busy. In a depressed market, the branch team managed to hit the majority of its banking targets when many branches around Australia fell well short. With signs of stronger activity in the local housing market, we will make the most of new opportunities for more members of our community to bring their banking to us.

Recognition and appreciation must go to the whole IWCE team as we've moved into the 2019/20 financial year. With a strategy focussing on identifying business opportunities arising from our community development projects, we have a strong common purpose for the Board, the branch and the Community team.



Andy Moutray-Read

Chief Executive Officer

Inner West Community Enterprises Limited

Manager's report

For year ending 30 June 2019

The 2018/19 financial year was a challenging year; not only for the Seddon Community Bank Branch but also for the wider banking environment. Macroeconomic conditions – including but not limited to the Banking Royal Commission, the Federal Election, falling property prices, and tightening margins, along with further lending restrictions – have



impacted business growth in the Financial Year. Despite these challenges, the branch maintained strong activity levels across all controllable areas within the business. Through this effort, we were able to limit the impact on our business.

Key figures for the 2018/19 financial year:

- Business balances contracted by 1.4% (\$162.7 million to \$161 million)
- New customers up 7.4%
- Lending settlements consistent with 2017/18
- Region leading results in Insurance Sales
- Region leading results in Superannuation Sales
- Region leading results in Sandhurst Sales.

We are under no illusions about the challenges facing our continued growth performance, given the ongoing subdued economic climate as well as competition from our banking competitors.

To those shareholders who are yet to bring their banking across to us, I implore you to think of the Seddon Community Bank Branch when considering your banking needs. We are in the process of calling all of our current shareholders to discuss how we can assist with your banking needs. We look forward to these conversations with you. To those shareholders who have supported our branch, I thank you for your current and continued support.

As a Community Bank branch, our mantra of supporting our local community continues in earnest. Since the branch commenced operations, numerous clubs, schools and organisations have received a total of more than \$644,200. It's exciting to think how much more could be done if everyone in the Inner West brought their banking to us.

Despite the challenging times, our team – Jonathon, Esha, Trish, Teena, Jasmin and Therese – is more passionate than ever about doing their very best for our customers and community. With their continued drive and commitment, I look forward to what we can achieve in the coming financial year. Thank you for all the support you have provided for me, and the outstanding work you do, which I know our customers also greatly appreciate.

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

Ashley Coles
Branch Manager
Seddon Community Bank Branch

Bendigo and Adelaide Bank report

For year ending 30 June 2019

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

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

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

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

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

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

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

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

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



Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2019

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

Directors

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

Sarah Natalie Franklyn

Director

Occupation: Director of Sales and Marketing

Qualifications, experience and expertise: 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: 2,050

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 has been employed for over 30 years in the shipbuilding & aerospace industries at Williamstown & Richmond in roles such as payroll, systems development, statistical analysis, technical writing, logistics analysis and engineering management.

Special responsibilities: Company Secretary

Interest in shares: 2,100

Jonathon Victor Fitcher

Director

Occupation: Chief Financial Officer

Qualifications, experience and expertise: Jack is a qualified Certified Practising Accountant and a member of the Australian Institute of Company Directors. He has over 20 years' experience working in Finance roles across various industries with his most recent role being the Chief Financial Officer of the Australian Energy Market Operator (AEMO).

Special responsibilities: Treasurer

Interest in shares: 5,000

Directors' report (continued)

Directors (continued)

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 the community sector, including sport and recreation, community infrastructure, disability and service delivery.

Special responsibilities: Chair of People and Performance Committee

Interest in shares: Nil

David Patrick Brennan JP GAICD Ffin (Resigned 27 August 2018)

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

Adam Hindmarsh Sawell (Resigned 4 February 2019)

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

Anthony Mark Sticca

Director

Occupation: General Manager Design and Development

Qualifications, experience and expertise: Tony Sticca is a qualified architect with over 30 years experience in the construction industry. He is currently General Manager Design & Development for Village Entertainment, a division of Village Roadshow Ltd. In his current employment he has been involved in design and project management of cinema projects for past 24 years, on projects in over 25 countries through Asia and Europe as well as Australia. Tony has two degrees in Architecture from University of Melbourne, and a graduate diploma in Project Management from RMIT University. Tony is a resident of Yarraville, and has been living in the suburb for 19 years, raising 4 children in the community. He has been an active volunteer in sporting groups, and is a life member of Yarraville Seddon Eagles Football Club where his past roles included Junior Administrator and 2 years as Club President.

Special responsibilities: Nil

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Pamela Sutton-Legaud

Director

Occupation: Fundraising Consultant

Qualifications, experience and expertise: Pamela Sutton-Legaud has built her career as a leader in the Australian and international not for profit sectors as a fundraiser and strategic manager in international aid, conservation and the environment with Bush Heritage Australia, Plan International and Oxfam Australia as well more recently in the education sector. She is a proven business and development strategy specialist who has significantly contributed to the NFP and commercial sectors having directed strategies that have raised more than \$150 million for Australian non-profit organisations. She successfully initiated, designed and completed a \$20 million capital raising campaign for Zoos Victoria, the most successful in Melbourne Zoo's 153- year history, leveraging and commemorating the 150th anniversary of the Zoo. Pamela has served as a Director or Trustee on a number of non-profit boards and contributed to their strategic growth. In recognition of her achievements, she was awarded the 2006 Victorian Telstra Business Woman of the Year award (Community & Government) for her work with Plan International and the Melbourne 2006 Commonwealth Games.

Pamela completed a Masters of Business Administration (MBA) in February 2017 and is accredited as a Certified Fundraising Executive (CFRE) with CFRE International.

Special responsibilities: Nil

Interest in shares: Nil

Patrick Maurice Jess (Appointed 4 February 2019)

Director

Occupation: Local Government Leisure Health and Wellbeing Manager

Qualifications, experience and expertise: Pat has a Double Degree in Bachelor of Arts – Recreation Management and Bachelor of Business – Tourism Management. A Seddon local, Pat has 20 years' experience in the Sport and Recreation industry across Public, Private and Not for Profit sectors. He has a passion for community sport and helping local clubs to be strong contributors to their community.

Special responsibilities: Nil

Interest in shares: Nil

Alisa Hood (Appointed 1 April 2019)

Director

Occupation: Management Consultant- digital marketing

Qualifications, experience and expertise: Alisa has cross-section of digital marketing and creative skills with vast experience across strategy, project management & marketing technology. She is a passionate digital marketer who harnesses an insight and analytical approach to marketing strategy development and brings experience across retail, telco, non-profit, higher education, arts & entertainment, healthcare, manufacturing, insurance, telco and services industries.

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.

Directors' report (continued)

Principal Activities

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

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

Operating Results

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

Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
7,040	39,788

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' 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	-
Jonathon Victor Fitcher (owned by Spouse)	5,000	-	5,000	-
Jennifer Anne Vizec	-	-	-	-
Sarah Franklyn	2,050	-	2,050	-
David Brennan	-	-	-	-
Adam Sawell	-	-	-	-
Anthony Mark Sticca	-	-	-	-
Pamela Sutton-Legaud	-	-	-	-
Patrick Maurice Jess	-	-	-	-
Alisa Hood	-	-	-	-

Dividends

	Year ended 30 June 2019		Year ended 30 June 2018	
	Cents	\$	Cents	\$
Final dividends paid	7.0	46,740	7.0	46,740

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.

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' Meetings

	Board Meetings Attended	
	Eligible	Attended
Jan Jelte Wiersma	10	9
David St John	10	10
Jonathon Victor Fitcher	10	9
Jennifer Anne Vizec	10	9
Sarah Franklyn	10	10
David Brennan (Resigned August 2018)	2	0
Adam Sawell (Resigned February 2019)	6	3
Anthony Mark Sticca	10	9
Pamela Sutton-Legaud	10	8
Patrick Maurice Jess (Appointed February 2019)	4	3
Alisa Hood (Appointed April 2019)	3	3

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..

Directors' report (continued)

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 19.

Signed in accordance with a resolution of the board of directors at Seddon, Victoria on 22 September 2019.



Sarah Natalie Franklyn
Chairperson

Auditor's independence declaration

TOWARDS A VISION SHARED



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**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 financial year ended 30 June 2019 there have been:

- i. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. No contravention of 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 25th day of September 2019

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenues from ordinary activities	4	1,148,719	1,179,078
Employee benefits expenses		(751,684)	(515,876)
Charitable donations, sponsorship, advertising and promotion		(80,835)	(150,840)
Occupancy and associated costs		(124,369)	(124,283)
Systems costs		(42,112)	(33,906)
Depreciation and amortisation expense	5	(27,139)	(28,231)
Finance costs	5	-	-
General administration expenses		(109,981)	(270,151)
Profit before income tax expense		12,599	55,791
Income tax expense	6	(5,559)	(16,003)
Profit after income tax expense		7,040	39,788
Total comprehensive income for the year attributable to members		7,040	39,788
Earnings per share (cents per share)		c	c
Basic attributable profit for the period:	21	1.05	5.96

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 2019

	Notes	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	225,868	276,377
Trade and other receivables	8	132,008	104,331
TOTAL CURRENT ASSETS		357,876	380,708
NON CURRENT ASSETS			
Property, plant & equipment	9	96,099	102,413
Intangible assets	10	51,114	64,336
Deferred tax asset	11	11,110	5,362
TOTAL NON-CURRENT ASSETS		158,323	172,111
TOTAL ASSETS		516,199	552,819
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	96,421	111,434
Tax liability	11	1,227	1,288
Provisions	13	17,302	12,601
TOTAL CURRENT LIABILITIES		114,950	125,323
NON-CURRENT LIABILITIES			
Provisions	13	28,433	14,980
TOTAL NON-CURRENT LIABILITIES		28,433	14,980
TOTAL LIABILITIES		143,383	140,303
NET ASSETS		372,816	412,516
EQUITY			
Issued share capital		607,707	607,707
Accumulated funds/ (losses)		(234,891)	(195,191)
TOTAL EQUITY		372,816	412,516

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 2019

	Issued share capital \$	Accumulated losses \$	Total \$
Balance at 1 July 2017	607,707	(188,239)	416,300
Total comprehensive income for the year	-	39,788	39,788
	607,707	(148,451)	456,088
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Dividends provided for or paid	-	(46,740)	(46,740)
Balance at 30 June 2018	607,707	(195,191)	409,348
Balance as at 1 July 2018	607,707	(195,191)	412,516
Total comprehensive income for the year	-	7,040	7,040
	607,707	(188,151)	419,556
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Dividends provided for or paid	-	(46,740)	(46,740)
Balance as at 30 June 2019	607,707	(234,891)	372,816

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 2019

	Notes	2019 \$	2018 \$
Cash Flows From Operating Activities			
Receipts from customers		1,125,689	1,255,178
Payments to suppliers and employees		(1,112,371)	(1,072,720)
Interest received		3,285	3,736
Income tax paid		(11,367)	(21,907)
Net cash generated from/ (used in) operating activities		5,236	164,287
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(9,005)	(10,901)
Payment for intangible assets		-	(66,111)
Proceeds on disposal of property, plant and equipment		-	-
Net cash (used in)/ provided by investing activities		(9,005)	(77,012)
Cash Flows From Financing Activities			
Dividends paid		(46,740)	(46,740)
Net cash used in financing activities		(46,740)	(46,740)
Net increase/ (decrease) in cash held		(50,509)	40,535
Cash and cash equivalents at beginning of financial year		276,377	235,842
Cash and cash equivalents at end of half-year		225,868	276,377

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 2019

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)

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 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.

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.

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 3a. 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.

Notes to the financial statements (continued)

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

Taxation (continued)

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.

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.

Note 3b. New, revised or amending accounting standards and interpretations adopted

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards that have mandatory application dates for future reporting periods, some of which are relevant to the company. The Board of Directors has elected not to early adopt any of the new and amended pronouncements.

Notes to the financial statements (continued)

Note 3b. New, revised or amending accounting standards and interpretations adopted (continued)

AASB 16: Leases

AASB 16 is applicable to annual reporting periods beginning on or after 1 January 2019.

When effective, AASB 16 will replace the current accounting requirements applicable to leases in AASB 117: Leases and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

Based on a preliminary assessment performed over each line of business and product type, the effect of AASB 16 is expected to be:

- (a) An increase in Lease Liabilities, with a commensurate increase in Right-to-Use Assets. These changes are not expected to materially impact Net Assets.
- (b) An increase in Amortisation Expense (of the Right-to-Use Asset) and an increase in Interest Expense (on the Lease Liability), with a commensurate decrease in Lease Expense and/or increase in revenue recognition where lease arrangements are below market value. These changes are not expected to materially impact Total Comprehensive Income.

	2019 \$	2018 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	1,111,306	1,118,681
- other revenue	34,128	56,661
Total revenue from operating activities	1,145,434	1,175,342
Non-operating activities:		
- interest received	3,285	3,736
Total revenues from ordinary activities	1,148,719	1,179,078

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	6,733	1,728
- leasehold improvements	7,184	12,047

Amortisation of non-current assets:

- franchise agreement	2,203	2,919
- franchise renewal fee	11,019	11,537

Bad debts	831	368
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Notes to the financial statements (continued)

	2019 \$	2018 \$
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Note 6. Income tax expense/credit

The components of tax expense comprise:

- Current tax	11,306	16,156
- Movement in deferred tax	(5,747)	(153)
- Under/(over) provision of tax in the prior period	-	-
	5,559	16,003

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

Operating profit	12,599	55,791
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	3,465	15,343
Add tax effect of:		
- non-deductible expenses	2,094	660
- timing difference expenses	(5,747)	153
- other deductible expenses	-	-
Current tax	(188)	16,156
Movement in deferred tax	5,747	(153)
Under/(over) provision of income tax in the prior year	-	-
	5,559	16,003

Note 7. Cash and cash equivalents

Cash at bank and on hand	82,806	91,592
Term deposits	143,062	184,785
	225,868	276,377

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	82,806	91,592
Term deposits	143,062	184,785
	225,868	276,377

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 8. Trade and other receivables		
Trade receivables	83,117	62,550
Other receivables and accruals	4,000	4,000
Prepayments	16,013	8,081
Security bond	8,500	8,500
Loan to Inner West Community Media Incorporated	20,378	21,200
	132,008	104,331

Note 9. Property, plant and equipment

Plant and equipment

At cost	39,293	30,288
Less accumulated depreciation	(18,195)	(11,462)
	21,098	18,826

Leasehold improvements

At cost	184,171	184,171
Less accumulated depreciation	(109,618)	(102,434)
	74,553	81,737

Furniture & Fittings

At cost	10,429	10,429
Less accumulated depreciation	(9,981)	(8,579)
	448	1,850

Total Written Down Value	96,099	102,413
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Movements in carrying amounts:

Plant and equipment

Carrying amount at beginning	18,826	9,821
Additions	9,005	10,901
Disposals	-	(168)
Less: depreciation expense	(6,733)	(1,728)
Carrying amount at end	21,098	18,826

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 9. Property, plant and equipment (continued)		
Leasehold improvements		
Carrying amount at beginning	81,737	93,784
Additions	-	-
Disposals	-	-
Less: depreciation expense	(7,184)	(12,047)
Carrying amount at end	74,553	81,737
Furniture & Fittings		
Carrying amount at beginning	1,850	6,056
Additions	-	-
Disposals	-	-
Less: depreciation expense	(1,402)	(4,206)
Carrying amount at end	448	1,850
Total written down value	96,099	102,413

Note 10. Intangible assets

Franchise fee		
At cost	11,018	11,018
Less: accumulated amortisation	(2,499)	(296)
	8,519	10,722
Renewal processing fee		
At cost	55,093	55,093
Less: accumulated amortisation	(12,498)	(1,479)
	42,595	53,614
Total Written Down Value	51,114	64,336

Note 11. Taxation

Provision for Income Tax	1,227	1,288
Deferred tax assets		
- employee provisions	12,577	7,584
Total deferred tax assets	12,577	7,584

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 11. Taxation (continued)		
Deferred tax liability		
- deductible prepayments	1,467	2,222
Total deferred tax liabilities	1,467	2,222
Net deferred tax asset	11,110	5,362
Movement in deferred tax charged to statement of comprehensive income	(5,748)	(153)

Note 12. Trade and other payables

Trade creditors	63,325	115,798
Other creditors and accruals	33,096	(4,364)
	96,421	111,434

Note 13. Provisions

Current:

Provision for annual leave	17,302	12,601
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Non-Current:

Provision for long service leave	28,433	14,980
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Note 14. Contributed equity

667,696 ordinary shares fully paid (2018: 667,696)	635,901	635,901
Less: equity raising expenses (Seddon)	(28,194)	(28,194)
	607,707	607,707

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.

Notes to the financial statements (continued)

Note 14. Contributed equity (continued)

Rights attached to shares (continued)

(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 251 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.

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.

Notes to the financial statements (continued)

	2019 \$	2018 \$
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	12,599	55,791
Non cash items:		
- depreciation	13,917	13,775
- amortisation	13,222	14,456
Changes in assets and liabilities:		
- (increase)/ decrease in receivables	(19,745)	79,836
- (increase)/ decrease in prepayments & other assets	(7,932)	(3,007)
- increase/ (decrease) in payables	(13,612)	21,779
- increase/ (decrease) in provisions	18,154	3,564
- (increase)/ decrease in deferred tax assets	(5,748)	(153)
- increase/ (decrease) in income tax liabilities	(5,620)	(21,754)
Net cash flows provided by operating activities	5,236	164,287

Note 16. Leases

Operating lease commitments

No

Payable - minimum lease payments:

- not later than 12 months	88,883	87,662
- between 12 months and 5 years	18,208	17,890
- greater than 5 years	-	-
	107,091	105,551

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%.

Notes to the financial statements (continued)

	2019 \$	2018 \$
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	3,900	3,800
- non audit services	2,900	2,800
	6,800	6,600

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.

	2019 \$	2018 \$
Key Management Personnel Shareholdings		
Ordinary shares fully paid	10,150	9,150

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

Note 19. Dividends paid or provided

Dividends paid during the year

- Unfranked dividend - 3.5 cents (2017: 8 cents) per share	46,740	23,370
- Franked dividend - 3.5 cents (2017: 0 cents) per share	-	23,370
	46,740	46,740

Note 20. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	7,040	39,788
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	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	667,696	667,696

Notes to the financial statements (continued)

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

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					
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 %	2018 %
Financial assets												
Cash and cash equivalents	82,806	114,368	143,062	184,785	-	-	-	-	-	-	2.00%	2.25%
Receivables	-	-	-	-	-	-	-	-	83,117	62,550	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Payables	-	-	-	-	-	-	-	-	96,421	111,434	N/A	N/A

Notes to the financial statements (continued)

Note 25. Financial instruments (continued)

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

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

	2019 \$	2018 \$
Change in profit/(loss)		
Increase in interest rate by 1%	1,847	1,811
Decrease in interest rate by 1%	(1,847)	(1,811)
Change in equity		
Increase in interest rate by 1%	1,847	1,811
Decrease in interest rate by 1%	(1,847)	(1,811)

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 2019 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 22 September 2019

Independent audit report

TOWARDS A VISION SHARED



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

Audit 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 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

In my opinion:

the 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 2019 and of its performance and cash flows for the year ended on 30 June 2019; and
- ii. complying with Australian Accounting Standards and the Corporations Act 2001.

Basis for 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 Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines 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, management is responsible for assessing the Corporation'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Independent audit report (continued)

TOWARDS A VISION SHARED



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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 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.

Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448

Dated this 25th day of September 2019

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