

# 2018 Annual Report



Lara District Community  
Enterprise Limited

ABN 67 134 347 087

Lara District **Community Bank**<sup>®</sup> Branch

# Contents

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<b>Chairman's report</b>	<b>2</b>
<b>Manager's report</b>	<b>3</b>
<b>Directors' report</b>	<b>6</b>
<b>Auditor's independence declaration</b>	<b>10</b>
<b>Financial statements</b>	<b>11</b>
<b>Notes to the financial statements</b>	<b>15</b>
<b>Directors' declaration</b>	<b>37</b>
<b>Independent audit report</b>	<b>38</b>

# Chairman's report

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For year ending 30 June 2018

It is again my pleasure as Chairman of the Lara District Community Enterprise Limited Board to report on another successful year of our **Community Bank**<sup>®</sup> branch, providing not only a great banking service in our community, but one that continues to support an ever-increasing number of groups across the Lara, Anakie and Little River district.

Since inception we have contributed in excess of \$655,000 back into our district. In this past year, we have contributed \$145,000 spread across 31 different projects in our district in the form of sponsorships, grants and donations.

This year we paid a fully franked dividend of \$0.065 cents per share to the shareholders who support our **Community Bank**<sup>®</sup> branch.

The Bendigo Bank and other **Community Bank**<sup>®</sup> branches in our region have collaborated together to support the Barwon Health Kids Rehabilitation Centre. This is a very important piece of infrastructure for the Geelong region and will provide state of the art rehabilitation services for any child under the age of 18 requiring rehabilitation. We supported this project with full knowledge that local families will benefit from the new centre. The Lara District **Community Bank**<sup>®</sup> Branch was the first **Community Bank**<sup>®</sup> branch in the Geelong region to make a contribution. Barwon Health Foundation have recognised this with a Platinum Sponsors award which will result in a section of the new facility being named after our Bank.

While in-branch banking has continued to grow, we had a drop in business banking which is aligned to our branch. Our total business is in excess of \$155 million for this financial year which is a small reduction on last year's result of \$164 million due to movements in business banking which were outside of the control of our branch.

It is important to note that with the rapid growth of our community, so are the demands put on the many groups we support. It is for this reason we need every one of our shareholders to be our advocates. If every shareholder brought just one more customer in the door we could be assured of our ongoing growth. Speak to your neighbours, friends, families and business associates, tell them about how important this bank is to the Little River, Lara and Anakie region. You should be proud to be a shareholder of the only bank that has a charter to give back to the community that it serves.

We have continued to make use of the Community Enterprise Foundation™ which has resulted in a balance in excess of \$334,000 for upcoming projects. As reported at last year's AGM, we have committed \$140,000 of the funds held in the Foundation to the expansion of the Lara network of walking and cycling paths which was just approved by City of Greater Geelong in May of this year. As a result of our support, this funding approval should see the Station Lake Road to Flinders Avenue section completed in the 2018/19 financial year. The section we have supported was in fact part of plans developed back in the mid 1980s!

All funds directed to the Community Enterprise Foundation™ are for use by projects under the direction of your Board within our district. Utilising the Community Enterprise Foundation™ provides us with business benefits as well as expertise for larger projects.

As a Board we farewelled Kylie McEwan who served on the Board for over six years having joined in March 2011. I would like to acknowledge her support and also in her role as Treasurer. In July of this year we welcomed a new Board member Natalie Candy, who joined us officially in August 2017.

Lastly but not least I want to put on record my appreciation for the support I have received from the other Board members who give so willingly their time and expertise to make our branch the success it is.

To our Administration Support Officer, Belinda and all the staff at the branch a big thank you for your professionalism and friendly manner.



**Andrew Hilliard**  
**Chairman**

# Manager's report

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For year ending 30 June 2018

I am pleased to present the Manager's report for 2017/18 financial year.

Our Lara District **Community Bank**<sup>®</sup> Branch generated business exceeded our annual growth target of \$4.6 million with total growth of \$11.4 million. We however, had a reduction in our Business Banking Managed Portfolio. Total branch holding to the end of the financial year of \$155 million.

As a branch we exceeded majority of our KPI's, highlighted with positive results in Insurance and Equipment Finance products.

Our branch key focus area was again business retention and loan growth. Lending activity has been positive with strong competition within the broker market.

2017/18 was a challenging year with a continued low interest rate environment, deposit investor diversifying their opportunities outside of Term or Cash Deposit and property prices within Lara at record highs due to the unavailability of new land. The next land release not expected to title until 2020 to 2022.

Loan Amortisation and loan debt continue to be paid down at levels not seen before. As a branch the Lending Portfolio in the 2017/18 year increased by \$5.05 million against branch approvals of \$15.6 million.

Our customer base increased by 4.5% to 4,735 with 45,438 over the counter transaction completed, a 2.7% reduction on 2016/17 financial year.

Products per customers increased to above two or an increase of 1.4% on the 2016/17 financial year. A positive result and a first for the branch. The assistance of the Home Loan Connect Product rewarding customers with reduced fees and lower interest rates for the more banking and insurance they have with us, has enabled our staff to have a complete conversation with our existing and potential lending customers.

The continued success of our **Community Bank**<sup>®</sup> branch has enabled our company, Lara District Community Enterprise Limited, to increase our total community investment, to over 65 not for profit organisations in Lara, Little River, Anakie and surrounding suburbs to over \$655,000 since opening the branch on 30 June 2009. We have invested a further \$100,000 into the Community Enterprise Foundation™, which increases our total available investment to in excess of \$334,000 for future local projects.

I would also like to thank our **Community Bank**<sup>®</sup> branch team: Michelle Duncan, Dianne Van Doren, Hanna Millar, Kyna Woodford and Jesse Church for their professionalism, dedication and work ethic.

As part of a branch re-structure, Jesse and Kyna will be upskilled over the 2018/19 financial year and increase their knowledge within consumer lending.

I am very thankful to our Volunteer Board of Directors and our ASO Belinda Jacometti for their continued support. They are dedicated to building our business and growing our community.

To our shareholders, I thank you for your support. If you are not currently banking with the Lara District **Community Bank**<sup>®</sup> Branch, I ask you why not? Please visit the branch, speak to myself or our personable staff about all your financial service and banking needs.

Banking is our business, community is our purpose.



**Damien Foster**  
**Branch Manager**

# Community contributions

## More than \$655,000 contributed back to our community

The year just ended has seen us contribute over \$145,000 back into our district through sponsorships, grants and donations, including a Lara District **Community Bank**<sup>®</sup> Branch record single contribution amount of \$50,000.

The contributions really tell a great story of why a **Community Bank**<sup>®</sup> branch makes a difference in our district. The reality is we are only just getting started; together we can build a stronger community through banking.

## Lara District **Community Bank**<sup>®</sup> Branch



### Community First Aid Course

As part of our commitment to our local community we funded a First Aid Course at a cost of \$1,675, for twelve different community group members to obtain lifesaving skills in this full day accreditation course. Thank you to local business, Parcor, for providing the course. We hope to offer this opportunity again in the future.



### The Lara Care Group (TLC)

The Township of Lara Care Group have been undertaking tree planting in and around Serendip Creek for the last four years; the event is always well supported by local community groups who supply the labour. The Lara District **Community Bank**<sup>®</sup> Branch assists with the purchase of the trees and sometimes, we also assist with some labour too.

### Lara Food and Wine Festival 2018

This was our ninth year of sponsoring this wonderful annual event, one that we are proud to sponsor each year. We had some fun at the Lara District **Community Bank**<sup>®</sup> Branch marquee, for \$2 and a bit of pedal power from the bikes supplied by

Bike n' Blend, you got yourself a tasty smoothie. All proceeds on the day were donated to the Lara Food Relief and we were thrilled to raise just over \$300.



### Defibrillator for Lara Lake Primary School

Andrew Hilliard had the honour of presenting the Samaritan defibrillator to Lara Lake Principal Stephen Durkin, along with students and staff at a full school assembly. This was donated to the school through the Lara District **Community Bank**<sup>®</sup> Branch support program. The full amount of purchase was \$2,850.

### Why Breakfast Club is important?

This year we continued our financial support for the Lara Secondary College Breakfast Club. Quite simply, many students who attend the club would go hungry if it didn't exist. This year, Lara Secondary College has experienced unprecedented

demand for Breakfast Club and every week, between 50 to 80 students go through four to five loaves of bread a day.



At the Lara District **Community Bank**<sup>®</sup> Branch we are committed to remaining an important part of the community through investing in projects and initiatives that build a stronger community.



## Little Teapot Café & Play

The not for profit, Little Teapot Café & Play has some beautiful new upgraded play spaces

thanks to our grant to renovate and upgrade the grass areas at the community focused café. We were delighted to support such a wonderful project that will support many families within our community.

## Lara's 'See the Change' moment

In June 2018 the Lara District **Community Bank**® Branch came together to launch our very own 'See the Change' moment with the handover of \$50,000 to support the Barwon Health Kids Appeal.

The star of our 'See the Change' video is a Lara local, Cohen. Cohen has been attending the centre since he was 18 months old. To have a bright, purpose built and child friendly facility is essential to maximise his therapy and recovery along with many other children in need.

Our contribution was part of a wider **Community Bank**® branch effort in our region to support an incredibly valuable project for families in our area.



## 2017/18 Community contributions

Through the grants and sponsorship program we supported over 31 different projects.

Organisation	Outcome
<b>Community</b>	
TLC Care Group	Grant - Tree Planting x two
Lara Lions Club	Sponsorship of Men & Women's Health nights
Lara Food Relief	Sponsorship
Lara Community Carols	Sponsorship of event
Little Teapot Play & Café	Grant – to install Air-conditioner
Lara Food & Wine	Sponsorship of event
Little River Fire Brigade	Donation to fundraiser
South West Vic Bushfire Appeal	Donation
Corio Moorabool Pony Club	Grant – Sponsorship board
Junior Quarter Midgets Victoria	Grant – Install storage shed
Barwon Health Kids Appeal	Donation
Lara Sporting Club	MND Donation
Friends of Kevin Hoffman Walk	Sponsorship
Little Teapot Play & Café	Grant – Upgrade landscaping in play area
<b>Sport</b>	
Lara Fun Run	Sponsorship of junior race
Lara Legends Cycling Club	Sponsorship of race tops
Lara Bowls Club	Sponsorship
Lara Golf Club	Sponsorship
Lara Sporting Club - Cricket	Grant – Shelter Oval 2
Lara Lions Club	Sponsorship Lara Golf Day
Lara Swimming Club	Grant – Scholarship program
Lara Giants Basketball Club	Sponsorship
Lara Wildcats Baseball	Grant to install amenities block
Lara Tennis Club	Grant – Resurface courts 5 and 6
Bendigo Bank	Golf Day donation
<b>Education</b>	
Lara Lions Club	Camp Licola
Lara Primary School	Support of fundraiser
Lara Secondary College	Sponsorship of the Breakfast Club for two terms Sponsorship of 2 Students to Camp Awakenings
Lara Lake Primary School	Grant – Defibrillator

# Directors' report

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For the financial year ended 30 June 2018

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

## Directors

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

### **Andrew MacKenzie Hilliard**

Chairman

Occupation: Semi-Retired Human Resources Consultant

Qualifications, experience and expertise: Bachelor in Training and Development. Extensive experience in Human Resources across a range of industries. Since retiring from full time employment in 2015, a range of short term assignments have been undertaken. In the last 12 months this has included assignment within the transport and petro chemical industries, with the most recent within the 4WD accessory manufacturing industry.

Special responsibilities: Governance and Community Support Program Committee

Interest in shares: 10,000

### **Elizabeth Joy Bate**

Deputy Chair

Occupation: Retired School Teacher

Qualifications, experience and expertise: A retired school teacher who takes an active role on the Lara Community and beyond. A founding member of the Lara Chamber of Commerce, a member of the Lara Fire Brigade, on the organising committee of the Lara Food and Wine Festival and President of Cancer After Care Group Geelong.

Special responsibilities: Convenor Community Support Program Committee

Interest in shares: 6,001

### **Ann Elizabeth Butcher**

Secretary

Occupation: Executive General Manager

Qualifications, experience and expertise: Ann is the Executive General Manager of Aged and Community Services at Karingal St Laurence and holds a Masters degree in Health Management. She has studied Foundations for Directors through the AICD. She currently sits on the Victorian Aged Care Advisory Committee. Ann lives with her three children in Little River and is Vice President of Geelong Operatic and Dramatic Arts Inc.

Other directorships: Leading Aged Service Australia - Victoria Branch

Special responsibilities: Governance & Strategy Committee

Interest in shares: Nil

### **Charles John Saliba**

Director/Treasurer

Occupation: Registered Tax Agent

Qualifications, experience and expertise: Charles has operated a small taxation business from home for the past 35 years. He has a strong banking, finance and taxation background. Charles is currently the treasurer for the St Anthony's Catholic Church.

Special responsibilities: Finance Committee

Interest in shares: 5,001

# Directors' report (continued)

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## Directors (continued)

### **Jürgen Ulrich Günther Strauss**

Director

Occupation: Self-employed

Qualifications, experience and expertise: Jürgen is the founder of Innovabiz, specialising in digital marketing, website development and lead generation strategies. He also hosts the InnovaBuzz innovation podcast. Jürgen holds B.Sc. (Hons) and PhD in Chemistry, has marketing qualifications from the Wharton Business School and Melbourne Business School. Jürgen has had a 27 year corporate career in chemical R&D, marketing, business management and people management.

Special responsibilities: Major Community Projects Committee

Interest in shares: Nil

### **Natalie Grace Salcombe Candy**

Director (Appointed 27 July 2017)

Occupation: Self-employed

Qualifications, experience and expertise: With over 10 years' experience as a senior business analyst in the Superannuation Industry, Natalie took a corporate career break in 2013 after having her second child. She is now a small business owner, was previously the President of the Lara Chamber of Commerce and is a long term Lara local. Natalie holds a Bachelor of Arts from Melbourne University.

Special responsibilities: Community Support Program Committee

Interest in shares: Nil

### **Kylie Anne McEwan**

Director (Resigned 5 December 2017)

Occupation: Accountant

Qualifications, experience and expertise: Kylie is a partner at Davidsons Accountants and Business Consultants providing accounting, taxation and business advisory services to a range of clients. Kylie has served on the Flinders Kindergarten Board and St Anthony's Primary School Board. Kylie is CPA qualified, an associate member of the Taxation Institute of Australia and is involved in a number of community activities in the Lara region.

Other current directorships: Barefeet Foundation Limited

Special responsibilities: Finance & Audit Committee

Interest in shares: 500

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 Ann Butcher. Ann was appointed to the position of Secretary on 29 May 2014.

Ann holds a Masters in Health Management and completion of the AICD Foundations for Directors course. Ann is the General Manager of Aged and Community Services at St Laurence as well as Chair of the Rural Taskforce for Leading Aged Services Australia - Victoria, Deputy Chair 2014/15 of Geelong Rotary Youth and Vocations Committee and a member of the GSODA Junior Players of Geelong Committee.

## **Principal Activities**

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

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



# Directors' report (continued)

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## Operating results

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

Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
197,898	213,895

## Dividends

	Year ended 30 June 2018	
	Cents	\$
Dividends paid in the year	6.5	57,201

## Significant changes in the state of affairs

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

## Events since the end of the financial year

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

## Likely developments

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

## Environmental regulation

The company is not subject to any significant environmental regulation.

## Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 23 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

## Indemnification and insurance of directors and officers

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

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

# Directors' report (continued)

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## Directors' meetings

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

	Board Meetings Attended	
	Eligible	Attended
Andrew MacKenzie Hilliard	9	8
Elizabeth Joy Bate	9	6
Ann Elizabeth Butcher	9	8
Charles John Saliba	9	9
Jürgen Ulrich Günther Strauss	9	7
Natalie Candy (Appointed 27 July 2017)	8	7
Kylie Anne McEwan (Resigned 5 December 2017)	4	1

## Proceedings on behalf of the company

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

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

## Non audit services

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

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

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

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

## Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Signed in accordance with a resolution of the board of directors at Lara, Victoria on 25 September 2018.



**Andrew MacKenzie Hilliard,**  
Chairman

# Auditor's independence declaration

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Chartered Accountants

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

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## Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Lara District Community Enterprise Limited

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

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 25 September 2018

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

**David Hutchings**  
Lead Auditor

# Financial statements

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

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	1,288,345	1,189,055
Employee benefits expense		(503,126)	(482,647)
Charitable donations, sponsorship, advertising and promotion		(248,278)	(154,935)
Occupancy and associated costs		(83,400)	(86,919)
Systems costs		(31,137)	(30,447)
Depreciation and amortisation expense	5	(25,841)	(25,613)
Finance costs	5	(3)	(20)
General administration expenses		(136,612)	(119,313)
<b>Profit before income tax expense</b>		<b>259,948</b>	<b>289,161</b>
Income tax expense	6	(62,050)	(75,266)
<b>Profit after income tax expense</b>		<b>197,898</b>	<b>213,895</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>197,898</b>	<b>213,895</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
Basic earnings per share	24	22.49	24.31

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Balance Sheet as at 30 June 2018

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	791,747	740,055
Trade and other receivables	8	104,636	104,128
Current tax asset	12	2,091	2,897
<b>Total current assets</b>		<b>898,474</b>	<b>847,080</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	77,546	60,221
Financial assets	10	400,274	345,451
Intangible assets	11	13,917	27,657
Deferred tax asset	12	12,203	7,409
<b>Total non-current assets</b>		<b>503,940</b>	<b>440,738</b>
<b>Total assets</b>		<b>1,402,414</b>	<b>1,287,818</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	51,317	81,421
Provisions	14	37,796	36,929
<b>Total current liabilities</b>		<b>89,113</b>	<b>118,350</b>
<b>Non-current liabilities</b>			
Provisions	14	3,886	750
<b>Total non-current liabilities</b>		<b>3,886</b>	<b>750</b>
<b>Total liabilities</b>		<b>92,999</b>	<b>119,100</b>
<b>Net assets</b>		<b>1,309,415</b>	<b>1,168,718</b>
<b>EQUITY</b>			
Issued capital	15	857,526	857,526
Retained earnings	16	451,889	311,192
<b>Total equity</b>		<b>1,309,415</b>	<b>1,168,718</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2016		857,526	158,898	1,016,424
Total comprehensive income for the year		-	213,895	213,895
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	22	-	(61,601)	(61,601)
<b>Balance at 30 June 2017</b>		<b>857,526</b>	<b>311,192</b>	<b>1,168,718</b>
Balance at 1 July 2017		857,526	311,192	1,168,718
Total comprehensive income for the year		-	197,898	197,898
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	22	-	(57,201)	(57,201)
<b>Balance at 30 June 2018</b>		<b>857,526</b>	<b>451,889</b>	<b>1,309,415</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		1,383,868	1,254,015
Payments to suppliers and employees		(1,117,669)	(950,943)
Interest received		14,249	15,067
Interest paid		(3)	(20)
Income taxes paid		(90,204)	(105,465)
<b>Net cash provided by operating activities</b>	<b>17</b>	<b>190,241</b>	<b>212,654</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(44,678)	(18,830)
Proceeds from sale of property, plant and equipment		14,091	-
Payments for financial assets		(66,679)	(85,341)
Dividends received		15,918	12,082
<b>Net cash used in investing activities</b>		<b>(81,348)</b>	<b>(92,089)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	22	(57,201)	(61,601)
<b>Net cash used in financing activities</b>		<b>(57,201)</b>	<b>(61,601)</b>
<b>Net increase in cash held</b>		<b>51,692</b>	<b>58,964</b>
Cash and cash equivalents at the beginning of the financial year		740,055	681,091
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7(a)</b>	<b>791,747</b>	<b>740,055</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2018

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## Note 1. Summary of significant accounting policies

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### a) Basis of preparation

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

#### *Compliance with IFRS*

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

#### *Critical accounting estimates*

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

#### *Historical cost convention*

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

#### *Comparative figures*

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

#### *Application of new and amended accounting standards*

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

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

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

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

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2017. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

*AASB 16 Leases* is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

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



# Notes to the financial statements (continued)

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

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### a) Basis of preparation (continued)

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

So far, the most significant impact identified is that the company will recognise new assets and liabilities for its operating lease of its branch. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating lease amount to \$61,388, on an undiscounted basis (see Note 19).

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

#### *Economic dependency - Bendigo and Adelaide Bank Limited*

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

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

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

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

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

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

# Notes to the financial statements (continued)

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

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### b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

#### *Revenue calculation*

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

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

#### *Core banking products*

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

#### *Margin*

Margin is arrived at through the following calculation:

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

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

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

#### *Commission*

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

#### *Fee income*

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

#### *Discretionary financial contributions*

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

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

# Notes to the financial statements (continued)

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

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### b) Revenue (continued)

#### *Discretionary financial contributions (continued)*

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

#### *Ability to change financial return*

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

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

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

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

#### *Monitoring and changing financial return*

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

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

### c) Income tax

#### *Current tax*

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

#### *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.

# Notes to the financial statements (continued)

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

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### c) Income tax (continued)

#### *Deferred tax (continued)*

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

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

#### *Current and deferred tax for the period*

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

### d) Employee entitlements

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

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

### e) Cash and cash equivalents

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

### f) Trade receivables and payables

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

### g) Property, plant and equipment

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

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

# Notes to the financial statements (continued)

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

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

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

- leasehold improvements	5 - 15	years
- motor vehicles	3 - 5	years
- computer equipment	3 - 5	years
- furniture and fittings	4 - 40	years

### h) Intangibles

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

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

### i) Payment terms

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

### j) Borrowings

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

### k) Financial instruments

#### *Recognition and initial measurement*

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

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

#### *Derecognition*

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

#### *Classification and subsequent measurement*

##### *(i) Loans and receivables*

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

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

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

# Notes to the financial statements (continued)

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

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### k) financial instruments (continued)

#### (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 Profit or Loss and Other 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

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

#### Impairment

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

### l) Leases

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

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

### m) Provisions

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

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

### n) Issued capital

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

### o) Earnings per share

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

# Notes to the financial statements (continued)

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

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### p) Goods and Services Tax

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

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

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

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## Note 2. Financial risk management

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

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

### (i) Market risk

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

### (ii) Price risk

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

### (iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited.

### (iv) Liquidity risk

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

### (v) Cash flow and fair value interest rate risk

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

### (vi) Capital management

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

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

# Notes to the financial statements (continued)

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## Note 2. Financial risk management

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(vi) Capital management (*continued*)

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2018 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

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## Note 3. Critical accounting estimates and judgements

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

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

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

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

### *Taxation*

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

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

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

### *Estimation of useful lives of assets*

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



## Notes to the financial statements (continued)

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

#### *Impairment of assets*

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

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

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

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

#### *Fair value measurement*

Some of the company's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors determine the appropriate valuation techniques and inputs for fair value measurements.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset or liability.

In estimating the fair value of an asset or a liability, the company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the company engages third party qualified valuers to perform the valuation.

Note 4. Revenue from ordinary activities	2018	2017
	\$	\$
Operating activities:		
- gross margin	1,038,621	906,629
- services commissions	92,062	108,376
- fee income	118,867	121,334
- market development fund	10,000	10,000
Total revenue from operating activities	<u>1,259,550</u>	<u>1,146,339</u>

## Notes to the financial statements (continued)

Note 4. Revenue from ordinary activities (continued)	2018	2017
	\$	\$
Non-operating activities:		
- interest received	12,877	15,540
- dividends received	15,918	12,082
- increase in net market value of financial assets	-	14,844
- other revenue	-	250
Total revenue from non-operating activities	<u>28,795</u>	<u>42,716</u>
Total revenues from ordinary activities	<u>1,288,345</u>	<u>1,189,055</u>

Note 5. Expenses		
Depreciation of non-current assets:		
- furniture and fittings	7,648	8,897
- leasehold improvements	484	-
- motor vehicles	3,969	2,976
Amortisation of non-current assets:		
- franchise agreement	2,323	2,288
- franchise renewal fee	11,417	11,452
	<u>25,841</u>	<u>25,613</u>
Finance costs:		
- interest paid	<u>3</u>	<u>20</u>
Bad debts	<u>321</u>	<u>292</u>
Decrease in net market value of financial assets	<u>11,856</u>	<u>-</u>
Loss on disposal of property, plant and equipment	<u>1,161</u>	<u>-</u>

Note 6. Income tax expense		
The components of tax expense comprise:		
- Current tax	78,884	77,175
- Movement in deferred tax	(4,794)	4,094
- Franking credits	(6,822)	(5,178)
- Under/(over) provision of tax in the prior period	(5,218)	(825)
	<u>62,050</u>	<u>75,266</u>

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

Operating profit	259,948	289,161
Prima facie tax on profit from ordinary activities at 27.5% (2017: 27.5%)	71,485	79,598
Add tax effect of:		
- non-deductible expenses	2,605	1,671
- timing difference expenses	4,794	(4,094)
	<u>78,884</u>	<u>77,175</u>

## Notes to the financial statements (continued)

Note 7. Income tax expense (continued)	2018	2017
	\$	\$
Movement in deferred tax	(4,794)	4,094
Franking credits	(6,822)	(5,178)
Under/(over) provision of income tax in the prior year	(5,218)	(825)
	<u>62,050</u>	<u>75,266</u>

### Note 7. Cash and cash equivalents

Cash at bank and on hand	52,587	99,142
Term deposits	739,160	640,913
	<u>791,747</u>	<u>740,055</u>

### Note 7.(a) Reconciliation to cash flow statement

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

Cash at bank and on hand	52,587	99,142
Term deposits	739,160	640,913
	<u>791,747</u>	<u>740,055</u>

### Note 8. Trade and other receivables

Trade receivables	94,212	92,307
Prepayments	8,611	8,636
Other receivables and accruals	1,813	3,185
	<u>104,636</u>	<u>104,128</u>

### Note 9. Property, plant and equipment

Leasehold improvements		
At cost	19,345	19,345
Less accumulated depreciation	(484)	-
	<u>18,861</u>	<u>19,345</u>
Furniture and fittings		
At cost	265,988	265,340
Less accumulated depreciation	(248,808)	(241,319)
	<u>17,180</u>	<u>24,021</u>
Computer equipment		
At cost	3,496	2,434
Less accumulated depreciation	(2,593)	(2,434)
	<u>903</u>	<u>-</u>

## Notes to the financial statements (continued)

Note 9. Property, plant and equipment (continued)	2018	2017
	\$	\$
Motor vehicles		
At cost	42,968	37,292
Less accumulated depreciation	(2,366)	(20,437)
	<u>40,602</u>	<u>16,855</u>
Total written down amount	<u>77,546</u>	<u>60,221</u>
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	19,345	-
Additions	-	19,345
Disposals	-	-
Less: depreciation expense	(484)	-
Carrying amount at end	<u>18,861</u>	<u>19,345</u>
Furniture and fittings		
Carrying amount at beginning	24,021	33,433
Additions	648	-
Disposals	-	(515)
Less: depreciation expense	(7,489)	(8,897)
Carrying amount at end	<u>17,180</u>	<u>24,021</u>
Computer equipment		
Carrying amount at beginning	-	-
Additions	1,062	-
Disposals	-	-
Less: depreciation expense	(159)	-
Carrying amount at end	<u>903</u>	<u>-</u>
Motor vehicles		
Carrying amount at beginning	16,855	19,831
Additions	42,968	-
Disposals	(15,252)	-
Less: depreciation expense	(3,969)	(2,976)
Carrying amount at end	<u>40,602</u>	<u>16,855</u>
Total written down amount	<u>77,546</u>	<u>60,221</u>

### Note 10. Financial assets

Available-for-sale financial assets

Listed investments, at fair value  
- shares in listed corporations

Note 18 400,274 345,451

## Notes to the financial statements (continued)

Note 11. Intangible assets	2018	2017
	\$	\$
Franchise fee		
At cost	11,617	11,617
Less: accumulated amortisation	(9,187)	(6,864)
	<u>2,430</u>	<u>4,753</u>
Renewal processing fee		
At cost	57,260	57,260
Less: accumulated amortisation	(45,773)	(34,356)
	<u>11,487</u>	<u>22,904</u>
Total written down amount	<u>13,917</u>	<u>27,657</u>

### Note 12. Tax

#### Current:

Income tax refundable	<u>(2,091)</u>	<u>(2,897)</u>
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#### Non-current:

Deferred tax assets		
- accruals	798	743
- employee provisions	11,463	10,362
- financial assets	441	-
	<u>12,702</u>	<u>11,105</u>
Deferred tax liability		
- accruals	499	877
- financial assets	-	2,819
	<u>499</u>	<u>3,696</u>
Net deferred tax asset	<u>12,203</u>	<u>7,409</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(4,794)</u>	<u>4,094</u>

### Note 13. Trade and other payables

#### Current:

Other creditors and accruals	<u>51,317</u>	<u>81,421</u>
------------------------------	---------------	---------------

## Notes to the financial statements (continued)

Note 14. Provisions	2018	2017
	\$	\$
<b>Current:</b>		
Provision for annual leave	12,908	14,843
Provision for long service leave	24,888	22,086
	<u>37,796</u>	<u>36,929</u>
<b>Non-current:</b>		
Provision for long service leave	<u>3,886</u>	<u>750</u>

### Note 15. Issued capital

880,011 ordinary shares fully paid (2017: 880,011)	880,011	880,011
Less: equity raising expenses	(22,485)	(22,485)
	<u>857,526</u>	<u>857,526</u>

Rights attached to shares

#### (a) *Voting rights*

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

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

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

#### (b) *Dividends*

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

#### (c) *Transfer*

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

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

## Notes to the financial statements (continued)

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### Note 15. Issued capital (continued)

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Prohibited shareholding interest

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

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

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

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

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

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

### Note 16. Retained earnings

	2018	2017
	\$	\$
Balance at the beginning of the financial year	311,192	158,898
Net profit from ordinary activities after income tax	197,898	213,895
Dividends provided for or paid	(57,201)	(61,601)
Balance at the end of the financial year	<u>451,889</u>	<u>311,192</u>

## Notes to the financial statements (continued)

Note 17. Statement of cash flows	2018	2017
	\$	\$
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	197,898	213,895
Adjustments for:		
- depreciation	12,101	11,873
- amortisation	13,740	13,740
- (increase)/decrease in net market value of financial assets	11,856	(14,844)
- dividends received	(15,918)	(12,082)
- loss on disposal of property, plant and equipment	1,161	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(508)	(4,482)
- (increase)/decrease in other assets	(3,988)	1,197
- increase/(decrease) in payables	(30,104)	34,424
- increase/(decrease) in provisions	4,003	329
- increase/(decrease) in current tax liabilities	-	(31,396)
Net cash flows provided by operating activities	<u>190,241</u>	<u>212,654</u>

### Note 18. Fair value measurement

This section explains the judgements and estimates made in determining the fair values of the company's assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the applicable assets have been classified into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

At 30 June 2018	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Recurring fair value measurements:				
Available-for-sale financial assets				
Listed investments:				
- shares in listed corporations	400,274	-	-	400,274
Total assets at fair value	<u>400,274</u>	<u>-</u>	<u>-</u>	<u>400,274</u>



# Notes to the financial statements (continued)

## Note 18. Fair value measurement (continued)

At 30 June 2017	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements:				
Available-for-sale financial assets				
Listed investments:				
- shares in listed corporations	345,451	-	-	345,451
Total assets at fair value	<u>345,451</u>	<u>-</u>	<u>-</u>	<u>345,451</u>

There were no transfers between Level 1 and Level 2 during the reporting period. The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

- Level 1: The fair value of available-for-sale financial assets traded in active markets is based on the quoted market price at the close of business at the end of the reporting period.
- Level 2: There were no fair value measurements by the Level 2 fair value hierarchy.
- Level 3: There were no fair value measurements by the Level 3 fair value hierarchy.

## Note 19. Leases

	2018 \$	2017 \$
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	61,388	60,244
- between 12 months and 5 years	-	60,244
	<u>61,388</u>	<u>120,488</u>

The branch property lease is a non-cancellable lease with a five-year term commencing on 29 June 2014, with rent payable monthly in advance. Three further terms of five years are available.

## Note 20. Auditor's remuneration

	2018 \$	2017 \$
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,130	4,200
- share registry services	4,305	4,891
- non audit services	1,830	2,065
	<u>11,265</u>	<u>11,156</u>

## Notes to the financial statements (continued)

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### Note 21. Director and related party disclosures

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

Andrew MacKenzie Hilliard  
Elizabeth Joy Bate  
Ann Elizabeth Butcher  
Charles John Saliba  
Jürgen Ulrich Günther Strauss  
Natalie Candy (*Appointed 27 July 2017*)  
Kylie Anne McEwan (*Resigned 5 December 2017*)

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:	2018	2017
	\$	\$
Kylie McEwan's company, Davidsons, received payments from the company for the 2018 fringe benefits tax return preparation to the value of:	335	300

<b>Directors Shareholdings</b>	<b>2018</b>	<b>2017</b>
Andrew MacKenzie Hilliard	10,000	10,000
Elizabeth Joy Bate	6,001	6,001
Ann Elizabeth Butcher	-	-
Charles John Saliba	5,001	5,001
Jürgen Ulrich Günther Strauss	-	-
Natalie Candy ( <i>Appointed 27 July 2017</i> )	-	-
Kylie Anne McEwan ( <i>Resigned 5 December 2017</i> )	500	500

There was no movement in directors shareholdings during the year.

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### Note 22. Dividends provided for or paid

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	2018	2017
	\$	\$
<b>a. Dividends paid during the year</b>		
Current year dividend		
100% (2017: 100%) franked dividend - 6.5 cents (2017: 7 cents) per share	<u>57,201</u>	<u>61,601</u>

The tax rate at which dividends have been franked is 27.5% (2017: 27.5%).

## Notes to the financial statements (continued)

Note 22. Dividends provided for or paid (continued)	2018	2017
	\$	\$
<i>b. Franking account balance</i>		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	203,155	121,868
- franking credits that will arise from payment of income tax as at the end of the financial year	14,768	38,128
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	217,923	159,996
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	<u>217,923</u>	<u>159,996</u>

### Note 23. Key management personnel disclosures

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

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

#### Community Bank® Directors' Privileges Package

The board has adopted the **Community Bank®** Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the **Community Bank®** branch at Lara, Victoria. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$482 for the year ended 30 June 2018 (2017: \$165).

Note 24. Earnings per share	2018	2017
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	197,898	213,895
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	880,011	880,011

### Note 25. 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.

## Notes to the financial statements (continued)

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### Note 26. Contingent liabilities and contingent assets

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

### Note 27. Community Enterprise Foundation

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During the period the company contributed funds to the Community Enterprise Foundation (CEF), the philanthropic arm of the Bendigo and Adelaide Bank Group. These contributions form part of charitable donations and sponsorship expenditure included in the Statement of Profit or Loss and Other Comprehensive Income.

The funds contributed are held by the CEF in trust on behalf of the company and are available for distribution as grants to eligible applicants. The balance of funds held by the CEF as at 30 June 2018 is as follows:

	2018	2017
	\$	\$
Opening balance	234,681	195,834
Contributions	100,000	42,105
Grants paid	-	(5,000)
Interest	4,695	3,847
Management fees	(5,000)	(2,105)
Balance available for distribution	<u>334,376</u>	<u>234,681</u>

### Note 28. Segment reporting

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

### Note 29. Registered office/Principal place of business

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

Registered Office	Principal Place of Business
5 Waverley Road	5 Waverley Road
Lara Victoria 3212	Lara Victoria 3212

# Notes to the financial statements (continued)

## Note 30. Financial instruments

### Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
			2018	2017	2018	2017	2018	2017				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
<b>Financial assets</b>												
Cash and cash equivalents	52,577	99,142	739,160	640,913	-	-	-	-	10	10	1.51	1.82
Receivables	-	-	-	-	-	-	-	-	94,212	92,307	N/A	N/A

### Net Fair Values

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

### Credit Risk

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

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

### Interest Rate Risk

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

### Sensitivity Analysis

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

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

	2018	2017
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	7,917	7,401
Decrease in interest rate by 1%	(7,917)	(7,401)
Change in equity		
Increase in interest rate by 1%	7,917	7,401
Decrease in interest rate by 1%	(7,917)	(7,401)

# Directors' declaration

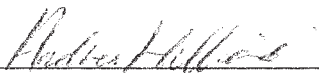
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In accordance with a resolution of the directors of Lara District Community Enterprise Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



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Andrew MacKenzie Hilliard, Chairman

Signed on the 25th of September 2018.

# Independent audit report

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Chartered Accountants

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

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## Independent auditor's report to the members of Lara District Community Enterprise Limited

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial report of Lara District Community Enterprise Limited is in accordance with the *Corporations Act 2001*, including:

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

#### What we have audited

Lara District Community Enterprise Limited's (the company) financial report comprises the:

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

#### Basis for opinion

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

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

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

#### Other information

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

## Independent audit report (continued)

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

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

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

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

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

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

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

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

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

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated: 25 September 2018



**David Hutchings**  
Lead Auditor



Lara District **Community Bank**<sup>®</sup> Branch  
5 Waverley Road, Lara VIC 3212  
Phone: (03) 5282 6430 Fax: (03) 5282 8842

Franchisee: Lara District Community Enterprise Limited  
5 Waverley Road, Lara VIC 3212  
Phone: (03) 5282 6430 Fax: (03) 5282 8842  
ABN: 67 134 347 087

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