

# Monbulk & District Community Enterprises Ltd

Annual Report 2017-2018  
ABN 76 146 945 959

Monbulk & District **Community** Bank<sup>®</sup> Branch



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# Mission Statement

- Principles of the **Community Bank®** Model
  - The foundation Principles of the **Community Bank®** model are:
    - > Partnership based on trust, respect and goodwill
    - > Shared effort, risk and reward (50/50)
    - > Local ownership
    - > Local decision making
    - > Local investment
    - > Focusses on broad-based community benefit (with a maximum of 20% of profits being paid to shareholders via dividends)
    - > Commercially focussed and community spirited
  - While the model is community spirited, it must be commercially viable for both the **Community Bank®** company and Bendigo & Adelaide Bank (as the parent).
  - **Community Bank®** Strategic Advisory Board

# Chairman's Summary

## Chairman's Report for year ending 30th June 2018

It is a privilege to present the company's Annual Report for the year ending 30th June 2018.

### Milestones.

We are proud to have passed \$120 million in total business.

Our second shop no. 68 is now totally refurbished and providing further needed office and meeting space.

### Sponsorships.

Local community investment is now approaching \$325,000. Nationally community investment is now \$183million.

### Management.

During the year we received the resignations of Allison Wills Pettit and Jayden Saggin.

After a small period of unsettled staff numbers we now have Jenny Stinson, Sarah Corbett and Valerie Willoughby establishing themselves as very capable replacements.

### Board and Board Committees.

The full Board meets 11 times a year. All sub committees meet regularly or on an as needs basis.

During the year strong focus has been on treasury, governance, business development and support of our Manager Aimee Te Boekhorst.

I thank all my fellow Directors for their dedicated effort and enthusiasm in which they approach their Directors responsibilities.

### Business development and the road ahead.

As a result of the Royal Commission into the Finance Industry the business of banking in Australia has encountered a massive public response in trustworthiness.

Trust in your bank and it's ethos are paramount and here Bendigo Bank can be proud of it's standing in the minds of our communities.

There is unprecedented competition in the finance industry and our friendly professional service has seen us grow year upon year.

Our horticultural industry is where our focus will be. Here we see great potential as we provide a full product range to service the industry's needs.

The shop at no. 68 is now seeing our bank establish itself as the community connection hub with the shop being used for many organisations meetings.

In closing, I thank all our customers and shareholders for their continuing support.

We look forward to growing our investment in our community.

Leo Koelewyn  
Chairman



Monbulk & District Community  
Bank®

## Our Manager's Report

The Monbulk & District Community Bank® Branch has now completed its seventh financial year-end. As at the 30<sup>th</sup> June 2018 we held over 2300 customers with business totalling under \$125 million in holdings. This represents a net growth of just over \$13 million during this period. We have had a slower year in growth coming off the back of two very strong years however we are still growing in both lending and deposits. This can all be attributed to the support of the Monbulk community.

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

As Community Bank® shareholders you are part of something special, our reason for being is to support, build and strengthen the Monbulk community, we are part of this community and we are listening to the needs and wants of our town.

As a Community Bank® our mantra of supporting our local community continues in earnest with numerous clubs, schools and organisations receiving funding over \$300,000. It's exciting to think how much could be done if everybody within Monbulk & District did all their banking with us.....

We have had a few changes this year in our staff and I would like to introduce you all to Jenny, Sarah & Valerie who joined our team in April of this year. They have worked very hard to get to know our customers and our way of banking, the branch is back to it's flow and they are all loving being a part of our team. To our ever-constant Margaret and Rebecca as always I thank you for your ongoing support and your love of our customers. To my staff as a whole I appreciate you all and I know our customers appreciate you greatly.

To Marisa Dickins, Gab Butler & the support staff from Bendigo and Adelaide Bank Ltd, I thank you for your ongoing support and assistance. I would also like to thank our Board of Directors for their continued support.

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

**Aimee te Boekhorst**



Monbulk & District Community  
Bank®

# The Team-Your Board

## Your Board

- Leo Koelewyn Chairman
- Jenni Nash
- Matt Blom
- Andrew Raper
- Kellie Clay
- Stephen Mc Donald
- Sarah Tebbutt
- Ray Yates



Leo Koelewyn



Kellie Clay



Jenni Nash



Ray Yates



Sarah Tebbutt



Stephen McDonald



Matt Blom



Andrew Raper

# The Team-Your Staff

- **Your Staff**

- Aimee te Boekhorst -Branch Manager
- Margaret Tresize
- Rebecca Meyer
- Alison Wills-Pettit till March 2018
- Valerie Willoughby
- Sarah Corbett
- Jenny Stinson
- Jayden Saggin till April 2018
- Sharon Jewell until May 2018



Our Manager Aimee

Community Principles	Board Principles
Broad based community participation from the communities in which the branch/es operate	<ul style="list-style-type: none"> <li>• Engagement with local government, clubs, organizations and NFPs</li> <li>• Facilitation of local engagement, partnerships and community forums</li> </ul>
Established for the benefit of the broader community	To help community better manage locally generated capital <ul style="list-style-type: none"> <li>• Grant making and sponsorship</li> <li>• Local employment</li> </ul>
A demonstrated balance between: <ul style="list-style-type: none"> <li>• Reinvestment back into the community; and</li> <li>• Providing a fair return to shareholders</li> </ul>	Shareholder dividend distribution limit <ul style="list-style-type: none"> <li>• Adequate but not excessive reserves</li> </ul>
Improving the communities in which the branch/es operate by having an emphasis on capacity building outcomes	Contributing to projects that make the community stronger and more sustainable <ul style="list-style-type: none"> <li>• Contributing to other economic opportunities within the community</li> </ul>
Recognition of the outcomes of the model locally	Promotion of successes <ul style="list-style-type: none"> <li>• Sharing successes across the network</li> </ul>



# 68 Main Road A Community Innovation

## **SixtyEight - Your Community Workspace 68 Main Rd, Monbulk**

SixtyEight is now well and truly serving its purpose of supporting of connecting people, supporting the business community including home based business and giving community groups a low or no cost professional space for meetings and events. We now have many businesses and groups that utilise the rooms for meetings, events, workshops, mentoring and interviews. We have had many successful fundraisers as well as offering information seminars to our banking customers. Tuesdays and Wednesdays see co-working growing steadily with shared ideas and networking occurring. This initiative has also given our board a home and a place to hold all our meeting and events in an appropriate location. If you have a need for a professional business space or a place for your community group to connect then come and see if SixtyEight suits you. Drop in for co-working on Tuesdays & Wednesdays 9.30 to 3.00pm, book the meeting room or the boardroom or the whole space.

Email [monbulkcommunitybank@gmail.com](mailto:monbulkcommunitybank@gmail.com) with your enquiry.



# Secretary's Summary

Monbulk Bendigo Community Bank is not just a bank.

It is a strong community organization, it is highly sophisticated in serving the community of this Yarra Ranges area with an extreme range of social benefit.

Our projects and community support are a vehicle of social integration. So it is not just a commercial organization, it goes beyond the local context as the benefits extend and bridge across generations. Our Bank is a true model of community building and social intermixing. Researchers\* provide the evidence and philosophers\* articulate the rationale for building community connections and the key to community development. (\* Susan Pinker and Aristotle ). They propose the most important factors for a long and fulfilling life are our close relationships and social integration.

This means we need people who communicate with us and for us to interact with people as we move through our day. The face to face contact releases neurotransmitters which increases our level of trust and lowers our stress.

Being part of a community, activities and groups where people's interactions can be naturally created and are built, helps us live longer and live a more enriched and connected life. It is often the unrecognized key initiative and outcome of our work.

It is the creative nature of our activities and projects and our Bank opens up ideas and issues. Aristotle believed listening reverently to others for the common good is the true ethic of a community. Our staff and the Board believes this is a key role it plays in community development and leadership.

Aristotle argues that injustice stands in the way of the common good. Injustice is motivated by both over grasping for scarce external goods, such as money, honour, and power, and by excessive desires. In essence, he promotes sharing living in a balanced way, and our community bank does sharing so well, hence the contribution to local groups of over the past 6 years of \$325,000

Customer and shareholder satisfaction gives us great pleasure. Our decisions are always predicated on what direct benefits they deliver to our people. The Royal Commission into the Financial Services Industry highlighted what happens when organizations lose sight of their own people and their purpose.

Your Directors and Staff are a rarity in community banking. They walk the talk in maintaining trust with customers. They build up a reservoir of trust knowing that credibility is vital. They do exactly the same for the smaller issues, as for big issues-the same principles apply. The alternative is death by a thousand cuts. Not to do that? then refer to Australian banks and insurance companies in the Royal Commission .

The fact that for three years in row we have been celebrated with the award for this region as the Branch of the Year illustrates this as the very essence of community development and leadership in action.

The staff lead by Aimee is a key to our success, not only their engaging and professional service but their commitment to excellence and dedication to the customers.

This is an organization beyond the norm - with a sophistication beyond the Banking - a dynamic vehicle for community good.

**Ray Yates**  
Monbulk & District Community  
Bank®

# Contributions to our Community

**Clubs, groups and organisations we've supported this Year.**

Monbulk Tennis Club	Combined Probus Club Monbulk
Monbulk Girl Guides	Monbulk Historical Society
Monbulk Care Network	Monbulk Recreation Reserve
Monbulk CWA	Dandenong Ranges Tourism
Tribe Youth Group	CWA Lady Nighthawks
Monbulk Bowling Club Tournament	Monbulk Netball Club
Monbulk Rangers Soccer Club	Monbulk Junior Football Club
Monbulk Wildlife Shelter	Monbulk Aquatic Club
Monbulk Men's Shed	Mountain District Christian School
St Georges Church	Monbulk CFA
1st Kallista Scout Group	St Pauls Primary School
1st Monbulk Scout Group	Monbulk Football Netball Club
Open Door Church	The Patch Primary School
Monbulk Cricket Club	Dandenong Ranges Tourism
Monbulk College	Dandenong Ranges CERC
Monbulk Business Network	Kindred
MADCOW	Sweet Sassafras Choir
Monbulk Pony Club	Dandenong Ranges Music Council
The Rotary Club of Monbulk	Monbulk Primary School



Monbulk & District Community  
Bank®

Monbulk & District Community Bank® Branch  
70 Main Road, Monbulk VIC 3793  
Phone: (03) 9752 1130 Fax: (03) 9756 7754

Franchisee: Monbulk & District Community Enterprises Limited  
70 Main Road, Monbulk VIC 3793  
ABN: 76 146 945 959  
[www.bendigobank.com.au/monbulk](http://www.bendigobank.com.au/monbulk)

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



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# Monbulk & District Community Enterprises Limited

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ABN: 76 146 945 959

Financial Statements

For the year ended

30 June 2018

# Monbulk & District Community Enterprises Limited

## Directors' Report

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:

Leonardus Josephus Cornelis Koelewyn

Chairman

Occupation: Nurseryman

Qualifications, experience and expertise: Career nurseryman, Vice Chairman and Finance Director of the Monbulk Bowling Club, Vice President of the Monbulk Football Club, past President Nursery and Garden Industry Victoria, past Board member Melbourne International Flower and Garden Show, past Board member Garden State Advisory Council. Past Chairman of Woori Yallock Creek Streamflow Management Committee.

Special responsibilities: Chairman & HR Committee

Interest in shares: 82,000

Raymond Leslie Yates

Secretary

Occupation: Retired

Qualifications, experience and expertise: Shire Councillor for 21 years. Justice of the Peace. Freeman of the Shire of Lilydale, former President of Rotary and Paul Harris Fellow, life member of Japara Community House, life member of Lilydale Historical Society, trust member of Lilydale and Districts Museum, Citizen of the Year Yarra Ranges Shire, foundation member of the Upper Yarra Valley and Dandenong Ranges Planning Authority, inaugural member of the Australian Local Government Association, school Principal for over 28 years. Recipient of the Centenary Medal and National Service Medal. Professional development presenter and facilitator. Chairman of Dandenong Ranges Music Council. Chairperson of Japara Community House. Treasurer of Sylvan Glades Homes.

Special responsibilities: Company Secretary, Governance Committee

Interest in shares: 10,000

Matthijs Blom

Director

Occupation: Manager

Qualifications, experience and expertise: Matthijs holds a Bachelor of Business Administration (Agri-Business). He has worked overseas in Argentina, Brazil and Holland before settling in Australia and working at P. Aker Flowerbulbs, later becoming a partner/shareholder in the business.

Special responsibilities: Marketing Committee

Interest in shares: 2,501

Jennifer Rae Nash

Director

Occupation: Property Consultant & Real estate sales

Qualifications, experience and expertise: A long time resident of Monbulk, Jenni currently works for a local real estate office. She has previously owned her own business in Monbulk and has managed other businesses including women's and children's fashion stores and wholesale florists. She is a past President of St Paul's Primary School Parents and Friends Assoc., where her three children attended school. Jenni also co-ordinated the fundraising for Monbulk Jnr football club for three years and is a past member of the Monbulk Business Network. Her passion for the Monbulk community is reflected in her role here at the Community Bank, and in her drive to promote the benefits of banking with Bendigo and how the bank supports the community.

Special responsibilities: Minutes Secretary, Marketing Committee

Interest in shares: 500

# Monbulk & District Community Enterprises Limited

## Directors' Report

### Directors (*continued*)

Sarah Melanie Tebbutt

Director

Occupation: Self Employed

Qualifications, experience and expertise: Sales and small business management, business development, quality assurance, innovation and training. Current School Council President at The Patch Primary, current President of The Patch Parents Association, founder and past Secretary Friends of Glenfern Valley Bushlands, 2017 Yarra Ranges Australia Day Award recipient for contribution to the community.

Special responsibilities: Chair Business Development Committee

Interest in shares: 4,000

Andrew James Raper

Director

Occupation: Nurseryman

Qualifications, experience and expertise: Qualified Nurseryman. Current President of Camellias Victoria and National council representative to Camellias Australia. Past Board member of Nursery and Garden Industry Victoria, Melbourne International Flower and Garden Show.

Special responsibilities: Nil

Interest in shares: 5,000

Kellie Ann Clay

Director

Occupation: Accountant

Qualifications, experience and expertise: Kellie began working in public accounting in 1996 while completing her Bachelor of Business (Accounting). She began managing an office branch of Taxbiz Australia in 2004 and was offered partnership in 2009. In 2015 she founded Elysium Accounting with two business partners. In Kellie's 20 years of experience in public accounting she has gained a vast knowledge of many aspects of business, including taxation, accounting principles, business structures, audit, internal business practices & systems, and SMSF advice. She has gained experience in many different business industries. Kellie is also the Vice President of a not-for-profit support group with a focus on providing education and support to families caring for family members with life threatening medical conditions.

Special responsibilities: Finance Committee

Interest in shares: Nil

Stephen Michael McDonald

Director

Occupation: Accountant

Qualifications, experience and expertise: Stephen is a senior financial executive with broad experience in all aspects of financial management, corporate governance, and management of risk, ICT and supply chain functions in both private and publicly listed companies. In a career spanning 25 years in the accounting profession, Stephen has held a number of senior finance roles across a broad range of industries. Stephen is a member of CPA Australia and holds a Bachelor of Economics from Monash University. An active contributor to the local community, Stephen was a school councillor at The Patch primary school for 8 years, on the committee of The Patch Landcare Group, and is currently on the committee of the Monbulk Junior Football Club.

Special responsibilities: Finance Committee

Interest in shares: Nil

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

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

# Monbulk & District Community Enterprises Limited

## Directors' Report

### Company Secretary

The company secretary is Raymond Yates. Raymond was appointed to the position of secretary on 24 November 2014. Raymond was a school principal for over 28 years, and a Shire Councillor for 21 years.

### Principal Activities

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

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

### Operating results

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

	Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
Profit before income tax credit	73,361	69,369
Income tax (expense)/credit (See noted 6).	(20,174)	181,613
Profit after income tax credit	53,187	250,982

	Year ended 30 June 2018	
Dividends	Cents	\$
Dividends paid in the year	3	25,530

### 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 notes 20 and 21 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.



# Monbulk & District Community Enterprises Limited

## Directors' Report

### Indemnification and insurance of directors and officers

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

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

### Directors' meetings

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

	Board Meetings Attended	
	<u>Eligible</u>	<u>Attended</u>
Leonardus Josephus Cornelis Koelewyn	11	10
Raymond Leslie Yates	11	9
Matthijs Blom	11	5
Jennifer Rae Nash	11	6
Sarah Melanie Tebbutt	11	9
Andrew James Raper	11	7
Kellie Ann Clay	11	8
Stephen Michael McDonald	11	9

### 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.

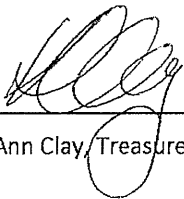
# Monbulk & District Community Enterprises Limited

## Directors' Report

### 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 6.

Signed in accordance with a resolution of the board of directors at Monbulk, Victoria on 14 September 2018.



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Kellie Ann Clay, Treasurer

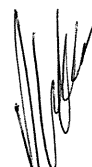
**Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Monbulk & District Community Enterprises Limited**

As lead auditor for the audit of Monbulk & District Community Enterprises 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.



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 14 September 2018



**David Hutchings**  
**Lead Auditor**

Monbulk & District Community Enterprises Limited  
Statement of Profit or Loss and Other  
Comprehensive Income  
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	894,449	767,595
Employee benefits expense		(466,224)	(419,293)
Charitable donations, sponsorship, advertising and promotion		(119,254)	(68,748)
Occupancy and associated costs		(60,643)	(39,024)
Systems costs		(32,240)	(34,063)
Depreciation and amortisation expense	5	(26,687)	(32,638)
Finance costs	5	(1,577)	(5,492)
General administration expenses		(114,463)	(98,968)
<b>Profit before income tax (expense)/credit</b>		<b>73,361</b>	<b>69,369</b>
Income tax (expense)/credit	6	(20,174)	181,613
<b>Profit after income tax (expense)/credit</b>		<b>53,187</b>	<b>250,982</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>			
		<b>53,187</b>	<b>250,982</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
Basic earnings per share	24	6.25	29.49

The accompanying notes form part of these financial statements

# Monbulk & District Community Enterprises Limited

## Balance Sheet

as at 30 June 2018

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	346	1,520
Trade and other receivables	8	84,830	83,704
<b>Total current assets</b>		<b>85,176</b>	<b>85,224</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	142,858	123,226
Intangible assets	10	63,844	77,275
Deferred tax asset	11	161,439	181,613
<b>Total non-current assets</b>		<b>368,141</b>	<b>382,114</b>
<b>Total assets</b>		<b>453,317</b>	<b>467,338</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	101,117	112,852
Borrowings	13	10,409	84,642
Provisions	14	21,477	13,682
<b>Total current liabilities</b>		<b>133,003</b>	<b>211,176</b>
<b>Non-current liabilities</b>			
Trade and other payables	12	30,515	-
Provisions	14	21,180	15,200
<b>Total non-current liabilities</b>		<b>51,695</b>	<b>15,200</b>
<b>Total liabilities</b>		<b>184,698</b>	<b>226,376</b>
<b>Net assets</b>		<b>268,619</b>	<b>240,962</b>
<b>EQUITY</b>			
Issued capital	15	823,643	823,643
Accumulated losses	17	(555,024)	(582,681)
<b>Total equity</b>		<b>268,619</b>	<b>240,962</b>

The accompanying notes form part of these financial statements

Monbulk & District Community Enterprises Limited  
Statement of Changes in Equity  
for the year ended 30 June 2018

	Notes	Issued capital \$	Accumulated losses \$	Total equity \$
<b>Balance at 1 July 2016</b>		823,643	(833,663)	(10,020)
Total comprehensive income for the year		-	250,982	250,982
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	23	-	-	-
<b>Balance at 30 June 2017</b>		<b>823,643</b>	<b>(582,681)</b>	<b>240,962</b>
<b>Balance at 1 July 2017</b>		823,643	(582,681)	240,962
Total comprehensive income for the year		-	53,187	53,187
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	23	-	(25,530)	(25,530)
<b>Balance at 30 June 2018</b>		<b>823,643</b>	<b>(555,024)</b>	<b>268,619</b>

The accompanying notes form part of these financial statements

Monbulk & District Community Enterprises Limited

Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		968,317	748,637
Payments to suppliers and employees		(835,264)	(628,872)
Interest received		1	-
Interest paid		(1,577)	(5,492)
<b>Net cash provided by operating activities</b>	18	<b>131,477</b>	<b>114,273</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(32,888)	(5,070)
Payments for intangible assets		-	(13,870)
<b>Net cash used in investing activities</b>		<b>(32,888)</b>	<b>(18,940)</b>
<b>Cash flows from financing activities</b>			
Dividends provided for or paid	23	(25,530)	-
<b>Net cash used in financing activities</b>		<b>(25,530)</b>	<b>-</b>
<b>Net increase in cash held</b>		<b>73,059</b>	<b>95,333</b>
Cash and cash equivalents at the beginning of the financial year		(83,122)	(178,455)
<b>Cash and cash equivalents at the end of the financial year</b>	7(a)	<b>(10,063)</b>	<b>(83,122)</b>

The accompanying notes form part of these financial statements

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the 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 are significant to the financial statements are disclosed in note 3.

#### *Historical cost convention*

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

#### *Comparative figures*

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

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

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

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

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

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

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

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

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.



# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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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 leases of its branch. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating leases amount to \$84,846, on an undiscounted basis (see Note 18).

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

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

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

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

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

#### 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).

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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

##### *Revenue calculation*

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

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

##### *Core banking products*

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

##### *Margin*

Margin is arrived at through the following calculation:

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

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

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

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

##### *Commission*

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

##### *Fee income*

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

##### *Discretionary financial contributions*

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

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

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

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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

##### 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 payable (or refundable).

##### Deferred tax

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

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

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

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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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 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.

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

- leasehold improvements	5 - 15	years
- plant and equipment	2.5 - 40	years

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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**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) Financial liabilities*

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

*Impairment*

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

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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#### 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) Issues capital

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

#### o) Earnings per share

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

#### p) Goods and Services Tax

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

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

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

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### Note 2. Financial risk management

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

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

#### (i) Market risk

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

#### (ii) Price risk

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

#### (iii) Credit risk

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

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

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

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

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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.

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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### *Taxation*

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

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

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

### *Estimation of useful lives of assets*

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

### *Goodwill*

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

The calculations require the use of assumptions.

### *Impairment of assets*

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

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.



# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

<b>Note 4. Revenue from ordinary activities</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
- gross margin	690,527	578,044
- services commissions	126,560	107,017
- fee income	51,281	51,701
- market development fund	25,000	30,833
Total revenue from operating activities	<u>893,368</u>	<u>767,595</u>
Non-operating activities:		
- interest received	1	-
- rental revenue	1,080	-
Total revenue from non-operating activities	<u>1,081</u>	<u>-</u>
Total revenues from ordinary activities	<u>894,449</u>	<u>767,595</u>

<b>Note 5. Expenses</b>		
Depreciation of non-current assets:		
- plant and equipment	2,692	2,511
- leasehold improvements	10,564	9,256
Amortisation of non-current assets:		
- franchise agreement	2,238	2,040
- renewal processing fee	-	4,365
- establishment fee	11,193	11,666
- lease buy out	-	2,800
	<u>26,687</u>	<u>32,638</u>
Finance costs:		
- interest paid	<u>1,577</u>	<u>5,492</u>
Bad debts	<u>390</u>	<u>80</u>

<b>Note 6. Income tax expense/(credit)</b>		
The components of tax expense/(credit) comprise:		
- Future income tax benefit attributable to losses brought to account	-	(204,219)
- Movement in deferred tax	5,055	(4,497)
- Recoupment of prior year tax losses	15,119	27,103
	<u>20,174</u>	<u>(181,613)</u>

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

Monbulk & District Community Enterprises Limited

Notes to the Financial Statements

for the year ended 30 June 2018

Note 6. Income tax expense/(credit) (continued)	2018	2017
	\$	\$
Operating profit	73,361	69,369
Prima facie tax on profit from ordinary activities at 27.5% (2017: 27.5%)	20,174	19,077
Add tax effect of:		
- non-deductible expenses	-	3,529
- timing difference expenses	(5,055)	4,497
	<u>15,119</u>	<u>27,103</u>
Movement in deferred tax	5,055	(4,497)
Future income tax benefit attributable to losses brought to account	-	(204,219)
	<u>20,174</u>	<u>(181,613)</u>

Note 7. Cash and cash equivalents

Cash at bank and on hand	<u>346</u>	<u>1,520</u>
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Note 7.(a) Reconciliation to cash flow statement

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

Cash at bank and on hand	346	1,520
Bank overdraft	(10,409)	(84,642)
	<u>(10,063)</u>	<u>(83,122)</u>

Note 8. Trade and other receivables

Trade receivables	78,448	71,272
Prepayments	6,182	12,232
Other receivables and accruals	200	200
	<u>84,830</u>	<u>83,704</u>

Note 9. Property, plant and equipment

Leasehold improvements		
At cost	209,969	182,084
Less accumulated depreciation	(82,278)	(71,714)
	<u>127,691</u>	<u>110,370</u>
Plant and equipment		
At cost	46,430	41,427
Less accumulated depreciation	(31,263)	(28,571)
	<u>15,167</u>	<u>12,856</u>
Total written down amount	<u>142,858</u>	<u>123,226</u>

Monbulk & District Community Enterprises Limited  
Notes to the Financial Statements  
for the year ended 30 June 2018

Note 9. Property, plant and equipment <i>(continued)</i>	2018 \$	2017 \$
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	110,370	119,626
Additions	27,885	-
Disposals	-	-
Less: depreciation expense	(10,564)	(9,256)
Carrying amount at end	<u>127,691</u>	<u>110,370</u>
Plant and equipment		
Carrying amount at beginning	12,856	10,297
Additions	5,003	5,070
Disposals	-	-
Less: depreciation expense	(2,692)	(2,511)
Carrying amount at end	<u>15,167</u>	<u>12,856</u>
Total written down amount	<u>142,858</u>	<u>123,226</u>
<b>Note 10. Intangible assets</b>		
Establishment fee		
At cost	100,000	100,000
Less: accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
Lease buy out		
At cost	24,000	24,000
Less: accumulated amortisation	(24,000)	(24,000)
	<u>-</u>	<u>-</u>
Franchise fee		
At cost	21,192	21,192
Less: accumulated amortisation	(13,111)	(10,873)
	<u>8,081</u>	<u>10,319</u>
Renewal processing fee		
At cost	55,961	55,961
Less: accumulated amortisation	(15,558)	(4,365)
	<u>40,403</u>	<u>51,596</u>
Redomicile fee		
At cost	<u>15,360</u>	<u>15,360</u>
Total written down amount	<u>63,844</u>	<u>77,275</u>

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Tax	2018	2017
	\$	\$
<b>Non-Current:</b>		
Deferred tax assets		
- accruals	770	743
- employee provisions	15,379	12,963
- tax losses carried forward	159,324	174,443
	<u>175,473</u>	<u>188,149</u>
Deferred tax liability		
- property, plant and equipment	14,034	6,536
	<u>14,034</u>	<u>6,536</u>
Net deferred tax asset	<u>161,439</u>	<u>181,613</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income.	<u>20,174</u>	<u>(181,613)</u>

### Note 12. Trade and other payables

<b>Current:</b>		
Trade creditors	21,222	72,575
Other creditors and accruals	79,895	40,277
	<u>101,117</u>	<u>112,852</u>
<b>Non-Current:</b>		
Other creditors and accruals	<u>30,515</u>	<u>-</u>

### Note 13. Borrowings

<b>Current:</b>		
Bank overdrafts	<u>10,409</u>	<u>84,642</u>

The bank overdraft has an approved limit of \$250,000. Interest is charged at the commercial interest rate as per agreement with franchisor. The current interest rate is 4.030% (2017: 3.795%). The overdraft is secured by a fixed and floating charge over the company's assets.

### Note 14. Provisions

<b>Current:</b>		
Provision for annual leave	<u>21,477</u>	<u>13,682</u>
<b>Non-Current:</b>		
Provision for long service leave	<u>21,180</u>	<u>15,200</u>

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 15. Issues capital

851,010 ordinary shares fully paid (2017: 851,010)	851,010	851,010
Less: equity raising expenses	(27,367)	(27,367)
	<u>823,643</u>	<u>823,643</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*.

#### Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 195. As at the date of this report, the company had 214 shareholders.

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 16. Issues capital *(continued)*

#### Prohibited shareholding interest *(continued)*

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 17. Accumulated losses	2018	2017
	\$	\$
Balance at the beginning of the financial year	(582,681)	(833,663)
Dividends provided for or paid	(25,530)	-
Net profit from ordinary activities after income tax	53,187	250,982
Balance at the end of the financial year	<u>(555,024)</u>	<u>(582,681)</u>

### Note 18. Statement of cash flows

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

Profit from ordinary activities after income tax	53,187	250,982
Non cash items:		
- depreciation	13,256	11,767
- amortisation	13,431	20,871
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(1,125)	(22,913)
- (increase)/decrease in other assets	20,173	(181,613)
- increase/(decrease) in payables	18,780	29,251
- increase/(decrease) in provisions	13,775	5,928
Net cash flows provided by operating activities	<u>131,477</u>	<u>114,273</u>

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

<b>Note 19. Leases</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
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	29,250	39,549
- between 12 months and 5 years	55,596	84,375
- greater than 5 years	-	-
	<u>84,846</u>	<u>123,924</u>

The property lease for 70 Main Road is a non-cancellable lease with a five year term which commenced on 2 February 2017. Rent is payable monthly in advance and is subject to annual CPI increase. The lease has one further option for an extension of five years.

The property lease for 68 Main Road is a non-cancellable lease with a two year term which commenced on 15 December 2016. Rent is payable monthly in advance. The lease has one further option for an extension of two years.

<b>Note 20. Auditor's remuneration</b>		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,400	5,300
- share registry services	5,625	1,885
- non audit services	2,930	2,735
	<u>12,955</u>	<u>9,920</u>

### **Note 21. Director and related party disclosures**

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

Leonardus Josephus Cornelis Koelewyn  
Raymond Leslie Yates  
Matthijs Blom  
Jennifer Rae Nash  
Sarah Melanie Tebbutt  
Andrew Raper  
Kellie Ann Clay  
Stephen Michael McDonald

No director's fees have been paid as the positions are held on a voluntary basis.

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:

Sarah Tebbutt receives remuneration for Business Development Consulting Services provided to the Board. Sarah received \$39,595 for the financial year ended 30 June 2018.

39,595	33,000
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# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Directors Shareholdings	2018	2017
Leonardus Josephus Cornelis Koelewyn	82,000	82,000
Raymond Leslie Yates	10,000	10,000
Matthijs Blom	5,501	2,501
Jennifer Rae Nash	2,500	500
Sarah Melanie Tebbutt	4,000	4,000
Andrew Raper	5,000	5,000
Kellie Ann Clay	-	-
Stephen Michael McDonald	-	-

There was no movement in directors shareholdings during the year.

### Note 22. Key management personnel disclosures

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

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

Note 23. Dividends provided for or paid	2018	2017
	\$	\$
<i>a. Dividends declared and paid during the year</i>		
Current year dividend		
Unfranked dividend - 3 cents (2017: Nil) per share	25,530	-

### Note 24. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	53,187	250,982
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	851,010	851,010

### 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.

### Note 26. Contingent liabilities and contingent assets

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



# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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### Note 27. Segment reporting

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

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### Note 28. 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  
70 Main Road  
Monbulk Vic 3793

Principal Place of Business  
70 Main Road  
Monbulk Vic 3793

# Monbulk & District Community Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 29. Financial instruments

#### Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	276	1,454	-	-	-	-	-	-	70	66	Nil	Nil
Receivables	-	-	-	-	-	-	-	-	78,448	71,272	N/A	N/A
Financial liabilities												
Interest bearing liabilities	10,409	84,642	-	-	-	-	-	-	-	-	4.70	4.48
Payables	-	-	-	-	-	-	-	-	21,222	72,575	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%	(101)	(832)
Decrease in interest rate by 1%	101	832
Change in equity		
Increase in interest rate by 1%	(101)	(832)
Decrease in interest rate by 1%	101	832

# Monbulk & District Community Enterprises Limited

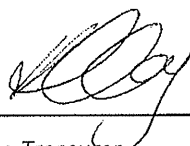
## Directors' Declaration

In accordance with a resolution of the directors of Monbulk & District Community Enterprises 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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Kellie Ann Clay, Treasurer

Signed on the 14th of September 2018.

## **Independent auditor's report to the members of Monbulk & District Community Enterprises Limited**

### **Report on the audit of the financial statements**

#### **Our opinion**

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

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

#### **What we have audited**

Monbulk & District Community Enterprises 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.

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.

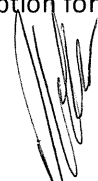
### **Auditor's responsibility for the audit of the financial report**

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: 14 September 2018



**David Hutchings**  
Lead Auditor