



COMMUNITY
\$2,000,000
CONTRIBUTIONS

Annual Report 2019

Mundaring Community
Financial Services Ltd

ABN 63 097 289 677

Mundaring **Community Bank**[®] Branch



Morning Tea baked and donated by the girls in the branch in support of Purple Bra Day.
 Pictured: Penny, Heidi, Gerry, Sheena and Bec.



Hills Big Band performing at the Mundaring Twilight Markets

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Payton Chandler 2018 Endeavour Award recipient from Clayton View Primary School



Emily Gregory, Charly Roberts, Jaqui Roberts, Jane Medcraft and Pauline Reeves from the West Coast Cowboys - recipients in the 2019 Autumn Grant Round.

Chairman's report

For year ending 30 June 2019



On behalf of the Board of Mundaring Community Financial Services Ltd I am pleased to present the 2019 Annual Report.

Our branch and community office staff have once again demonstrated their hard work and professionalism during the year. There has been no respite in the challenging business conditions of the last few years, but our staff have continued their steadfast work to serve our customers and the community. Revenue has risen slightly compared to the previous year and expenses have been kept under control, resulting in a small profit for the year.

Our community contributions achieved a major milestone during the year by breaking the two million dollar barrier. Financial and in-kind support to the community was \$153,316 for the 2018/19 financial year, bringing the total community contribution to \$2,026,989 since the formation of the company.

We have farewelled a number of directors during the year. Our long-standing director and former Chairman, Arthur Maddison, made the decision to retire after many years of service to the company and the community at large. Matt Yacopetti, our former Vice-Chairman, moved away from the hills with his family, and Tara Herbert resigned in order to devote herself to a new business opportunity. One new director, Susan Gill, was appointed during the year.

The company returned to profit this year, with the final result after tax being a profit of \$3,316.

Finally, on behalf of the Board, I would like to thank all our Shareholders for their continuing support of the Company and our community. We look forward to you joining us at the AGM.

A handwritten signature in blue ink that reads "R.J. Stuart".

Dr Richard Stuart
Chairman



MCFCS Board of Directors at the 2018 AGM

Bendigo and Adelaide Bank report

For year ending 30 June 2019

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

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

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

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your **Community Bank®** company local board of directors. Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

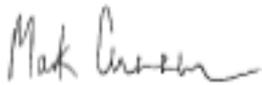
As a Bank, we're working hard to ensure that those who are not banking with us, and not banking with your **Community Bank®** branch, make the change. It really is a unique model and we see you, the shareholder, as playing a key role in helping us grow your local **Community Bank®** business. All it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

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

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

Bendigo and Adelaide Bank report (continued)

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



Mark Cunneen

Head of Community Support
Bendigo and Adelaide Bank



Bendigo Bank Directors and Staff at the 2019 State Conference in Geraldton.

Manager's report

For year ending 30 June 2019



To say it was a hard twelve months would be an understatement. I am hopeful that recent interest rate changes and forecast tax savings will stimulate the economy.

However, I am proud of what we have been able to achieve over the past twelve months.

Accounts

Account numbers have grown to 12,848 from 12,315 for the year which is a growth of 533 against a growth last year of 278. It is interesting to note that we have attracted 195 new customers to the branch against a growth last year of 278 taking the actual customer base to 8,792 as at 30th June 2019. New customers predominantly come from referrals from existing customers who want their family and friends to experience the friendly and professional service provided by the staff.

Portfolio

Portfolio, which is a total of deposits and loans, has grown \$11.7m for the year to 30th June (Last year's growth was \$1.4m). This sees our portfolio sitting at \$229m.

The majority of this growth was in deposits as lending was still very tight given low consumer confidence, plus many of our customers have taken the opportunity to reduce debt in this low interest rate environment.



Gerry and the Girls showing support for the Eagles in the 2018 Grand Final.

Manager's report (continued)

Staff

This year Rebecca left us to move to the north west with her family. Zac who was our Business Development Manager has also departed to pursue other interests.

As shareholders I think you can feel proud of the performance of our staff. I am still amazed at how committed they are to customer service with their can-do attitude.

The staff work very hard to consistently perform above expectations, so I would like to acknowledge and thank Ann, Leanne, Denise, Heidi, Mariana, Taryn, Penny and Sheena.

I would also like to acknowledge the hardworking Board members for their support as they provide us with an excellent environment in which to work.

The work that Karen and Andrea do from our corporate office with their community involvement is again a credit to them both.

I would finally like to extend the appreciation on behalf of myself and staff to you the shareholder – your investment and commitment has made it all possible.

Thank you.



Gerry Toovey
Manager



The girls in the branch: Taryn, Mariana, Ann, Sheena, Denise, Leanne, Heidi and Penny.

Community Office report

For year ending 30 June 2019



Andrea and Karen

2019 saw us celebrate the success of our first Community Raffle - A pilot program that was very new for the Community Bank and whilst it had its teething problems, all in all it was a big win for Mundaring Sporting Clubs.

There were approximately 35 local clubs involved and they raised over \$67,000 collectively, which is a great return on a \$30,000 investment. Some clubs did much better than others, the positive is that the clubs that were prepared to put in a solid effort were rewarded with a great return. Mundaring Sporting Club raised the largest sum of money totalling \$6,750 and, they also sold the winning ticket. Four of the six winners live locally which was also a good result.

The raffle is being run again in 2019 with the opening date early in July, this time we have invited non sporting clubs to participate. The response has been excellent with commitments of close to 40,000 tickets.

Due to the success of our raffle we have ceased our twice-yearly grant rounds and we are looking at other alternative ways to contribute to the ongoing sustainability of our community. We are currently working on a project with the Shire of Mundaring to provide entertainment over the summer months and our very popular Twilight Markets are now an annual event.

To broaden our geographical reach, we have formed a partnership with Cultivate WA Inc which is a not for profit Co Working space in Midland. This partnership will provide a working space for our staff to hold meetings down the hill and the opportunity for us to share the knowledge we have gathered from running our Treehouse Business Centre.

Mundaring Community Bank is now half way through our contract with Swan Districts Football Club where we are a major sponsor. Our Director, Fran Berry has been wearing her black and white scarf all season and has made strong connections both with the club and its members. Piggy has also taken to being a Swans supporter and can be seen running around Steel Blue Oval every home game.

Of course, the biggest news of 2019 was reaching our \$2 million in community contributions milestone. This is a great achievement and something all of our shareholders, Directors, Staff and community partners should be very proud of, Andrea and I at the community office definitely are!

Not only are we proud but we are also grateful for the privilege of working with our community and look forward to a successful 2020.

A handwritten signature in blue ink that reads "Beale".

Karen Beale
Executive Officer



THE TREEHOUSE
Business Centre
— A Mundaring Community Bank Branch Bendigo Bank Initiative —

Groups supported

Spring 2018 Grant Round

Recipients

Glen Forrest Christmas Gathering
Mount Helena Residents & Ratepayers Assoc
Yallambee Baptistcare
Katherine Susannah Pritchard
Chidlow Progress Association
Glen Forrest Primary School
Darlington Community Bonfire
Shire of Mundaring
Munda Bidli Trail Foundation
Swan View Agricultural Show
Midland Old Boys

Contribution towards

Community Carol's event
Billy Cart Festival
CD Players for residents' use
Prize money for writing awards
Community Carols event
School Fete and Art Show
Insurance, Prize money and signage
Cinema under Starlight series
Catering, Bikes and maps for participants
Cost of security for event
Sports initiative to encourage youth

Autumn 2019 Grant Round

Recipients

Darlington Cricket Club
Mundaring Chamber of Commerce
Experience Gidgegannup
Darlington Family Playgroup
Progressive Axemen's Association
Jane Brook Catchment Group
West Coast Cowboys
Wooroloo Primary School
Wundowie Primary School
Mundaring & Hills Historical Society
Glen Forrest Residents & Ratepayers Assoc
Mundaring Sharing
Little Possums Day Care
Mundaring Woodturners
Perth Trail Series
Hills Big Band
Ashleigh English
Cultivate WA
WA International Taekwondo
Dane Rossen
Glen Forrest Volunteer Bush Fire Brigade
Chidlow Volunteer Bush Fire Brigade

Contribution towards

Quiz Night
Printing costs of Weir in Business voucher book
Gidgegannup Small Farm Field Day
Painting of facilities
Prizes for Axeman events held in Chidlow
Plants and refreshments for planting day
New horse jumping equipment
Annual Fete
Mathletics subscription
Sundowner
Barbecue for community events
Upgrade of facilities
Quik Kids Ipads
New Equipment
Event sponsorship
Event sponsorship
Individual sponsorship
Signage and infrastructure
New equipment
Individual sponsorship
Thermal Imaging Camera
Fridge and Laptop

Groups supported (continued)



Maureen Pezzali - \$20,000 Winner of the Bendigo Bank Sporting Club Community Raffle

Other

Recipients

Swan Districts Football Club
Darlington Arts Festival
Darlington and Sports Recreation Association
Mundaring Chamber of Commerce
Ronald McDonald House
Mahogany Creek Progress Association
MowMENTum
Hills Education Network
1st Mundaring Scout Group
Darlington Chamber Music
Street Smart
MowMENTum
Eastern Hills Senior High School
Swan View Senior High School
Mundaring Senior Football Club
12 Local Primary Schools
2 Local High Schools
Mundaring Twilight Markets

Contribution towards

Sponsorship of club
Marquee for event
Australia Day Community Music Event
Catering for AGM
Ronald McDonald House
Signage
Men's Mental Health get-togethers
Sponsorship of Interschool Science Quest
Provision of ambulance for Market event
Date stickers for signs
Advertising
Roster signs
Breakfast Club
Breakfast Club
Quiz Night Sponsorship
Endeavour Award for graduating student
Zero to Hero – Camp Hero participants
Entertainment, Security, Marquee

Groups supported (continued)

In-kind Support

Recipients

Blue Sky Festival
 Chidlow & Districts RSL Sub Branch
 Chidlow Progress Association
 Cultivate WA
 Darlington Concerts
 Darlington Sports & Recreation Assoc
 EH Branch of Wildflower Society of WA
 EH Hornets Tee ball & Baseball Club
 Eastern Hills Netball Association
 Essentials for Women

Provision of:

Printing
 Printing
 Desktop publishing, printing
 Printing, pull-up banner, tear drop banner
 Tickets and sales
 EFTPOS facilities, printing, banner
 EFTPOS facilities, printing
 EFTPOS facilities
 Advertising
 Printing



2018 Science Quest winners from Mount Helena Primary School, with Sawyers Valley Primary School Principal, Fiona Collopy and Bendigo Bank Mundaring's Admin officer, Andrea Southam

Friends of Lion Mill
 Gidgegannup Agricultural Show
 Gidgegannup Junior Football Club
 Gidgegannup Small Farm Field Day
 Glen Forrest Community Garden
 Helena Valley Primary School
 Hills Education Network
 Hills Raiders Basketball Club
 Hills Rangers Football Club
 Hills Symphony Orchestra
 Honey Festival
 Katharine Susannah Prichard Foundation
 Little Possums Daycare Inc
 Mount Helena Hockey Club
 Mount Helena Junior Football Club
 Mount Helena Little Athletics
 Mount Helena Playgroup & Community Kindy
 Mount Helena Residents & Ratepayers
 Mount Helena Tennis Club
 Mount Helena Billy Cart Festival
 MowMENTum

Printing
 EFTPOS facilities
 Merchandise, printing
 Market stall, printing
 Printing
 EFTPOS facilities
 Bank vouchers and merchandise
 Printing
 Printing
 Printing, tickets and sales
 Printing
 EFTPOS facilities
 Office usage
 Printing
 Printing
 Printing
 Market stall, printing
 Desktop publishing, printing
 Desktop publishing, printing
 Printing
 Food, Business Cards

Groups supported (continued)

Mundaring Bicentennial Sponsorship Trust
Mundaring Chamber of Commerce
Mundaring Community Men's Shed
Mundaring in Transition
Mundaring Golf Club
Mundaring Hills Open Studio

Printing
Office space, printing, ticket sales, business cards
Desktop publishing, printing, business cards, banner
Office usage, printing, EFTPOS facilities
Advertising
Advertising



Chloe & Noah Bell at the inaugural Hills Billy Cart Festival

Mundaring Netball Club
Mundaring Primary School P&C
Mundaring Seniors Incorporated
Mundaring Senior Football Club
Mundaring Tennis Club

Printing
EFTPOS facilities, printing
Desktop publishing, printing
EFTPOS facilities, printing, merchandise
Market Stall, Printing



Piggy with one of our local heroes!
Leone (LJ) Leahy from Mundaring
Volunteer Fire and Rescue Service.

Groups supported (continued)

Mundaring Toastmasters	Market Stall
Mundaring Woodturners	Market Stall
Octagon Art Group	EFTPOS facilities
Panthers Basketball Club	EFTPOS facilities, printing
Parkerville Netball Club	EFTPOS facilities, printing
Rotary Club of Mundaring cards	Printing, desktop publishing, provision of business cards
Shetland Sheep Dog Club of WA	EFTPOS facilities
Swan Districts Football Club	Pull-up banner
Swan Harmony Singers	Tickets and Programme Printing
Swan View Agricultural Show	Printing
The Essentials Collective	EFTPOS facilities, Market Stall
The Hills Choir	Desktop publishing, market stall, printing, tickets and sales
WA Genealogy Society	Office usage
WA Practice Nurses Association	Desktop publishing, printing, EFTPOS facilities
Wheels	Printing
Youthcare	Desktop publishing, printing



Hills Big Band performing at the
Mundaring Twilight Markets

Directors' report

For the financial year ended 30 June 2019

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

Directors

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



Richard James Stuart

Chairman

Occupation: Offshore Oil and Gas Pipeline Engineer

Qualifications, experience and expertise: Dr Richard Stuart was born in the UK and spent part of his childhood in India. He was educated at the University of London, graduating with a BSC and PhD in engineering. He has worked extensively across the world in the oil and gas industries, emigrating to Australia in 1993 and now lives in Mundaring. Richard is a Fellow of the Institute of Engineers (Australia).

Special responsibilities: Audit and Governance Committee.

Interest in shares: 500



James Edward Saunders

Director and Company Secretary

Occupation: Chartered Accountant

Qualifications, experience and expertise: James has extensive experience in corporate accounting and tax services. He has worked for Price Waterhouse Coopers and RSM Bird Cameron, where he had experience with tax and audit services. He has also been a past Director and Manager of exploration and geological consulting companies and is a Director and Company Secretary of the Australian Prospectors and Miners Hall of Fame Foundation. James lives with his family in Darlington where his son is involved with the Cubs and is a member of the Darlington/Bellevue Anglican Parish Council.

Special responsibilities: Chair of Audit and Governance Committee and member of Marketing Committee.

Interest in shares: 3,000



Frances Jessica Berry

Director

Occupation: Owner/Operator

Qualifications, experience and expertise: Fran has been involved in running her own businesses for 34 years. Her education includes a Masters in Organisational Development with Applied Coaching and NLP, Bachelor Degrees in Organisational Development and Organisational Psychology, Assoc Arts Degree in Performance Arts. Fran is the director and program developer for Alive and Kicking Solutions, an international training and development company specialising in human interaction and development. Fran and her husband also own and operate the Chidlow Tavern. The couple are dedicated to the success and development of the Perth Hills and are strong advocates for supporting local business and community engagement projects.

Special responsibilities: Marketing Committee.

Interest in shares: 1,000

Directors' report (continued)

Directors (continued)



Susan Elisabeth Fox-Mooney

Director

Occupation: Tax Consultant

Qualifications, experience and expertise: Ms Susie Fox-Mooney has lived in Perth Hills since she emigrated from the UK in 2005. She is a Member of the Glen Forrest and Mahogany Creek Residents & Ratepayers Association and was involved in the successful campaign to redevelop Morgan John Morgan Reserve. Susie is a mother to two children and a regular volunteer at Mundaring Christian College. Professionally, Susie started her career working for Sir Lawrence Airey, Chairman of the UK Inland Revenue Department. She has also worked for Price Waterhouse Coopers and was the Financial Controller for the London Branch of Petroleos De Venezuela (UK)SA, a national Venezuelan oil company. Currently employed by HR Block, Susie prepares small business and personal tax returns.

Special responsibilities: Audit and Governance Committee.

Interest in shares: 100



Peter Francis Hackett

Director

Occupation: Retired

Qualifications, experience and expertise: Mr Peter Hackett is a retired electronics technician and worked for Marconi Space and Defence Systems in the UK before emigrating to Kalgoorlie in 1981, where he worked at Western Mining Corporation. He has lived on the El Caballo Estate in Wooroloo with his wife since 1988. His interests are varied and include the Variety Club Charity Bash, Chidlow Progress Association, Chidlow Hall and Heritage Group and the Volunteer Bush Fire Brigades in Wooroloo and Inkpen. He also plays bass guitar in a number of local bands.

Special responsibilities: Sponsorship Committee.

Interest in shares: 500



Benjamin Peter Fillery

Director

Occupation: Business Development Manager

Qualifications, experience and expertise: Ben has over 17 years experience in sales and marketing and is currently employed as a Business Development Manager in the mining industry. He is a long term Hills resident who currently lives with his family in Parkerville. Ben enjoys swimming, horse riding and restoring vintage cars, he is also a committee member of his son's football club.

Special responsibilities: Sponsorship Committee and Marketing Committee.

Interest in shares: 100



Susan Prentice Gill

Director (*Appointed 26 June 2019*)

Occupation: Communications and Marketing Consultant

Qualifications, experience and expertise: Susan has extensive experience in public relations, marketing, place making and community and stakeholder engagement, with nearly 20 years' experience delivering some of Australia's highest profile redevelopment projects. Susan launched her own business, Integrity Communications and Consulting, in 2018 and now provides client focused communications, marketing and place management solutions. Susan was selected as one of the State's 40 top leaders to participate in the Leadership WA Signature

Directors' report (continued)

Directors (continued)

Leadership Program in 2015 and achieved a Bachelor of Commerce with Distinction from Curtin University in 2001. Susan is an enthusiastic member of several local community boards and committees that are working to make the hills community a more vibrant and active place to live, work and visit. In her spare time, Susan enjoys riding and working with her horses on her property in Chidlow and enjoying the relaxed hills lifestyle with her husband. She is also a qualified Equine Therapist and Saddle Fitter.



Tara Lee Herbert

Director (*Resigned 11 February 2019*)

Occupation: Carer

Qualifications, experience and expertise: Tara owns and operates her own health and vitality business and is working as a Carer at a secure Mental Health Nursing Home. As a past President of Woorloo Primary School P&C, Tara was instrumental to their revitalisation initiatives with skills in event coordination, community liaison and mediation. Tara is a current player and member of the Mundaring Hockey Club. Tara is a busy mother to 3 children and lives in Mount Helena.

Special responsibilities: Sponsorship Committee.

Interest in shares: 100



Charles Matthew Yacopetti

Vice-Chairman (*Resigned 11 January 2019*)

Occupation: Geoscientist & Executive Director

Qualifications, experience and expertise: Mr Matt Yacopetti was educated at the Australian National University and has spent 28 years working as a professional geoscientist and in business. Matt has lived and worked throughout Australia and overseas and presently works with a Perth based technology firm that provides software solutions for Business Leaders and Entrepreneurs across a wide range of industries. While Matt and his family have called Perth Hills home since 1998, his extended family has had a long association with the Perth Hills and the Mundaring community. His interests include the role of technology in business and the role that business plays in supporting the communities in which they operate.

Special responsibilities: Sponsorship Committee.

Interest in shares: Nil



Arthur Robert Maddison

Director (*Resigned 11 January 2019*)

Occupation: Retired

Qualifications, experience and expertise: Mr Arthur Maddison was a successful retail business owner, now retired, who has extensive community involvement in the Mundaring Shire built from his many years working in Mt Helena. Arthur brings 30 years of small business and retail operation expertise to the Board.

Special responsibilities: Audit and Governance Committee, Marketing Committee.

Interest in shares: 10,700

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

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

Directors' report (continued)

Company Secretary

The company secretary is James Saunders. James was appointed to the position of secretary on 6 November 2014.

With extensive experience in corporate accounting and tax services, James has worked for Price Waterhouse Coopers and RSM Bird Cameron. He specialised in company advisory services, tax and auditing. He is also a Director and Company Secretary of the Hall of Fame Ltd the Trustee of the Australian Prospectors and Miners Hall of Fame Foundation.

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. These include continued tight margins, the reduction of costs associated with the business manager position being terminated as a result of the decline in new business overall and the commensurate reduction of community contributions in line with the reduced level of profits.

The profit/(loss) of the company for the financial year after provision for income tax was:

Year ended 30 June 2019 \$	Year ended 30 June 2018 \$
3,316	(81,813)

Dividends

	Year ended 30 June 2019	
	Cents	\$
Final dividends recommended	5	28,285
Dividends paid in the year	6	33,942

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 22 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,

Directors' report (continued)

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' meetings

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

	Board Meetings Attended		Committee Meetings Attended					
			Sponsorship		Audit & Governance		Marketing	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Richard James Stuart	12	10	-	-	3	3	-	-
James Edward Saunders	12	11	-	-	3	3	5	4
Frances Jessica Berry	12	6	-	-	-	-	5	4
Susan Elisabeth Fox-Mooney	12	12	-	-	3	3	-	-
Peter Francis Hackett	12	11	2	2	-	-	-	-
Benjamin Peter Fillery	12	7	2	1	-	-	5	4
Susan Prentice Gill	1	1	-	-	-	-	-	-
Tara Lee Herbert	7	6	1	1	-	-	-	-
Matthew Charles Yacopetti	6	3	1	1	-	-	-	-
Arthur Robert Maddison	6	3	-	-	-	-	1	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, in accordance with the advice received from the audit & governance committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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

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

Directors' report (continued)

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 22.

Signed in accordance with a resolution of the board of directors at Mundaring, Western Australia on 11 August 2019.



James Edward Saunders

Director



Directors and Staff at the Gala Dinner of
the 2019 Bendigo State Conference

Auditor's independence declaration



Chartered Accountants

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

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Mundaring Community Financial Services Limited

As lead auditor for the audit of Mundaring Community Financial Services Limited for the year ended 30 June 2019, 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: 11 August 2019

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	1,543,356	1,507,829
Employee benefits expense	5	(1,007,751)	(1,054,554)
Charitable donations, sponsorship, advertising and promotion		(153,316)	(188,147)
Occupancy and associated costs		(137,644)	(135,078)
Systems costs		(28,877)	(29,297)
Depreciation and amortisation expense	5	(40,396)	(38,796)
Bank administration expenses		(96,349)	(104,616)
General administration expenses		(73,119)	(69,399)
Profit/(loss) before income tax		5,904	(112,058)
Income tax (expense)/credit	6	(2,588)	30,245
Profit/(loss) after income tax		3,316	(81,813)
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		3,316	(81,813)
Earnings per share		¢	¢
Basic earnings per share	23	0.59	(14.46)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	1,034,296	1,031,316
Trade and other receivables	8	162,861	163,793
Other assets	9	-	5,000
Total Current Assets		1,197,157	1,200,109
Non-Current Assets			
Property, plant and equipment	10	62,458	87,283
Intangible assets	11	28,906	40,102
Deferred tax asset	12	72,531	75,120
Total Non-Current Assets		163,895	202,505
Total Assets		1,361,052	1,402,614
LIABILITIES			
Current Liabilities			
Trade and other payables	13	112,937	127,762
Provisions	14	160,764	158,552
Total Current Liabilities		273,701	286,314
Non-Current Liabilities			
Trade and other payables	13	13,118	26,236
Provisions	14	21,423	12,285
Total Non-Current Liabilities		34,541	38,521
Total Liabilities		308,242	324,835
Net Assets		1,052,810	1,077,779
EQUITY			
Issued capital	15	559,585	559,585
Retained earnings	16	493,225	518,194
Total Equity		1,052,810	1,077,779

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2019

	Notes	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2017		559,585	633,949	1,193,534
Total comprehensive income/(loss) for the year		-	(81,813)	(81,813)
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	(33,942)	(33,942)
Balance at 30 June 2018		559,585	518,194	1,077,779
Balance at 1 July 2018		559,585	518,194	1,077,779
Total comprehensive income/(loss) for the year		-	3,316	3,316
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	(28,285)	(28,285)
Balance at 30 June 2019		559,585	493,225	1,052,810

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		1,669,665	1,643,864
Payments to suppliers and employees		(1,648,844)	(1,734,121)
Interest received		27,400	44,611
Net cash provided by/(used in) operating activities	17	(48,221)	(45,646)
Cash flows from investing activities			
Payments for property, plant and equipment		(4,374)	(6,382)
Payment of intangible assets		(11,925)	(15,593)
Repayment of loan		5,000	20,000
Net cash provided by/(used in) investing activities		(11,299)	(1,975)
Cash flows from financing activities			
Dividends paid	21	(33,942)	(33,942)
Net cash used in financing activities		(33,942)	(33,942)
Net increase/(decrease) in cash held		2,980	(81,563)
Cash and cash equivalents at the beginning of the financial year		1,031,316	1,112,879
Cash and cash equivalents at the end of the financial year	7(a)	1,034,296	1,031,316

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2019

Note 1. Summary of significant accounting policies

a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard 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 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 two new accounting standards which have been issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 January 2018, and are therefore relevant for the current financial year.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 111 *Constructions Contracts*, AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The existing revenue recognition through the monthly Bendigo and Adelaide Bank Limited profit share provides an accurate reflection of consideration received in exchange for the transfer of services to the customer. Therefore based on our assessment this accounting standard has not materially affected any of the amounts recognised in the current period and is not likely to affect future periods.

AASB 9 Financial Instruments

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

Based on our assessment this accounting standard has not had any impact on the carrying amounts of financial assets or liabilities at 1 July 2018. For additional information about accounting policies relating to financial instruments, see Note 1 k).

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

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 2018. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases

Only AASB 16, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. AASB 16 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. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

AASB 16 replaces existing leases guidance, including AASB 117 Leases and related Interpretations. This standard is mandatory for annual reporting periods beginning on or after 1 January 2019.

The company plans to apply AASB 16 initially on 1 July 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no restatement of comparative information.

The company has assessed the estimated impact that initial application of AASB 16 will have on its financial statements. The actual impacts of adopting the standard on 1 July 2019 may change.

The company will recognise new assets and liabilities for operating leases of its branch and office equipment. The nature of expenses related to these leases will now change as the company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the company recognised operating lease expense on a straight-line basis over the term of the lease.

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

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of \$190,119.

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 Mundaring, Western Australia.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

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

- 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 arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts. 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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

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.

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income Tax (continued)

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

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

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

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of 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)

Note 1. Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

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

• leasehold improvements	5 - 15 years
• plant and equipment	2.5 - 40 years
• motor vehicle	3 - 5 years

h) Intangibles

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

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

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

(i) 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.

The effective interest rate is the internal rate of return of the financial asset or liability, that is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

(ii) Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income (FVOCI); or
- fair value through profit and loss (FVTPL).

A financial asset is subsequently measured at amortised cost if it meets the following conditions:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

The company's trade and most other receivables are measured at amortised cost as well as deposits that were previously classified as held-to-maturity under AASB 139.

A financial asset is subsequently measured at FVOCI if it meets the following conditions:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principle amount outstanding on specified dates; and
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and FVOCI's measurement condition are subsequently measured at FVTPL.

The company's investments in equity instruments are measured at FVTPL unless the company irrevocably elects at inception to measure at FVOCI.

Derecognition

(i) Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(ii) Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

The company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at fair value through other comprehensive income;
- lease receivables;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit of loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The company uses the simplified approach to impairment, as applicable under AASB 9. The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

This approach is applicable to:

- trade receivables that result from transactions that are within the scope of AASB 15, that contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss, (ie diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

l) Leases

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

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

m) Provisions

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

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

n) Issued capital

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

o) Earnings per share

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

p) Goods and Services Tax

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

Notes to the financial statements (continued)

Note 2. Financial risk management

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.

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.

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank Limited. Due to the reliance on Bendigo and Adelaide Bank Limited the company has reviewed the credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit risk exposure of the company. The most recent credit rating provided by the ratings agencies is as follows:

Ratings Agency	Long-Term	Short-Term	Outlook
Standard & Poor's	BBB+	A-2	Stable
Fitch Ratings	A-	F2	Stable
Moody's	A3	P-2	Stable

Based on the above risk ratings the company has classified Bendigo and Adelaide Bank Limited as low risk.

The company has performed a historical assessment of receivables from Bendigo and Adelaide Bank Limited and found no instances of default. As a result no impairment loss allowance has been made in relation to the Bendigo & Adelaide Bank Limited receivable as at 30 June 2019.

Expected credit loss assessment for other customers

The company has performed a historical assessment of the revenue collected from other customers and found no instances of default. As a result no impairment loss allowance has been made in relation to other customers as at 30 June 2019.

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

Expected credit loss assessment for other customers (continued)

vi) Capital management

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

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

The distribution limit is the greater of:

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

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Taxation

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

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

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Estimation of useful lives of assets

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

Impairment of assets

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

	2019	2018
	\$	\$

Note 4. Revenue from ordinary activities

Operating activities:

- gross margin	1,266,263	1,249,814
- services commissions	106,826	81,073
- fee income	112,480	120,195
- market development fund	10,000	10,000
Total revenue from operating activities	1,495,569	1,461,082
Non-operating activities:		
- interest received	21,375	22,014
- other revenue	26,412	24,733
Total revenue from non-operating activities	47,787	46,747
Total revenues from ordinary activities	1,543,356	1,507,829

Notes to the financial statements (continued)

	2019	2018
	\$	\$

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	6,820	5,076
- leasehold improvements	14,291	14,436
- motor vehicle	8,088	8,088
Amortisation of non-current assets:		
- franchise agreement	2,244	2,244
- renewal processing fee	8,953	8,952
	40,396	38,796

Bad debts	396	906
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Employee benefits expense:

- Core operating activities	1,007,751	1,054,554
	1,007,751	1,054,554

Employee benefits expense is made up of employee costs incurred in branch banking operations.

Note 6. Income tax expense/(credit)

The components of tax expense/(credit) comprise:

- Future income tax benefit attributable to losses	-	(24,152)
- Movement in deferred tax	(7,600)	(6,093)
- Recoupment of prior year tax losses	10,188	-
	2,588	(30,245)

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

Operating profit/(loss)	5,904	(112,058)
Prima facie tax on profit/(loss) from ordinary activities at 27.5% (2018: 27.5%)	1,624	(30,816)
Add tax effect of:		
- non-deductible expenses	964	571
- timing difference expenses	7,600	6,093
	10,188	(24,152)
Movement in deferred tax	(7,600)	(6,093)
	2,588	(30,245)

Notes to the financial statements (continued)

	2019	2018
	\$	\$

Note 7. Cash and cash equivalents

Cash at bank and on hand	142,269	166,316
Term deposits	892,027	865,000
	1,034,296	1,031,316

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	142,269	166,316
- Term deposits	892,027	865,000
	1,034,296	1,031,316

Note 8. Trade and other receivables

Trade receivables	112,942	109,097
Prepayments	24,823	23,575
Other receivables and accruals	25,096	31,121
	162,861	163,793

Note 9. Other assets

Current:

Unsecured loan to community organisation	-	5,000
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Loan provided to Mundaring Sporting Club at zero interest. Equal payments of \$5,000 are due on specified repayment dates which are quarterly from 1 October 2013. The loan was paid in full on 1 July 2018.

Note 10. Property, plant and equipment

Leasehold improvements		
At cost	204,875	204,874
Less accumulated depreciation	(164,019)	(149,728)
	40,856	55,146

Notes to the financial statements (continued)

	2019	2018
	\$	\$
Note 10. Property, plant and equipment (continued)		
Plant and equipment		
At cost	250,588	246,629
Less accumulated depreciation	(242,154)	(235,748)
	8,434	10,881
Motor vehicles		
At cost	40,430	40,430
Less accumulated depreciation	(27,262)	(19,174)
	13,168	21,256
Total written down amount	62,458	87,283
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	55,146	67,675
Additions	-	1,907
Disposals	-	-
Less: depreciation expense	(14,290)	(14,436)
Carrying amount at end	40,856	55,146
Plant and equipment		
Carrying amount at beginning	10,881	11,482
Additions	4,373	4,475
Disposals	-	-
Less: depreciation expense	(6,820)	(5,076)
Carrying amount at end	8,434	10,881
Motor vehicles		
Carrying amount at beginning	21,256	29,344
Additions	-	-
Disposals	-	-
Less: depreciation expense	(8,088)	(8,088)
Carrying amount at end	13,168	21,256
Total written down amount	62,458	87,283

Notes to the financial statements (continued)

	2019	2018
	\$	\$
Note 11. Intangible assets		
Franchise fee		
At cost	161,192	161,192
Less: accumulated amortisation	(155,420)	(153,176)
	5,772	8,016
Renewal processing fee		
At cost	44,769	44,769
Less: accumulated amortisation	(21,635)	(12,683)
	23,134	32,086
Total written down amount	28,906	40,102

Note 12. Tax

Non-Current:		
Deferred tax assets		
- accruals	877	796
- employee provisions	50,101	46,980
- tax losses carried forward	29,219	39,406
	80,197	87,182
Deferred tax liability		
- accruals	27	1,683
- property, plant and equipment	7,639	10,379
	7,666	12,062
Net deferred tax asset	72,531	75,120
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	2,589	(30,245)

Note 13. Trade and other payables

Current:		
Trade creditors	5,490	5,920
Other creditors and accruals	107,447	121,842
	112,937	127,762
Non-Current		
Other creditors and accruals	13,118	26,236

Notes to the financial statements (continued)

	2019	2018
	\$	\$

Note 14. Provisions

Current:

Provision for annual leave	48,605	55,757
Provision for long service leave	112,159	102,795
	160,764	158,552

Non-Current:

Provision for long service leave	21,423	12,285
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Note 15. Issued capital

565,700 ordinary shares fully paid (2018: 565,700)	565,700	565,700
Less: equity raising expenses	(6,115)	(6,115)
	559,585	559,585

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.

Notes to the financial statements (continued)

	2019	2018
	\$	\$

Note 15. Issued capital (continued)

Prohibited shareholding interest (continued)

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 600. As at the date of this report, the company had 636 shareholders.

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

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

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

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

Note 16. Retained earnings

Balance at the beginning of the financial year	518,194	633,949
Net profit/(loss) from ordinary activities after income tax	3,316	(81,813)
Dividends provided for or paid	(28,285)	(33,942)
Balance at the end of the financial year	493,225	518,194

Note 17. Statement of cash flows

Reconciliation of profit/(loss) from ordinary activities after tax to net cash provided by/(used in) operating activities

Profit/(loss) from ordinary activities after income tax	3,316	(81,813)
Non-cash items:		
- depreciation	29,199	27,600
- amortisation	11,197	11,196

Notes to the financial statements (continued)

	2019	2018
	\$	\$

Note 17. Statement of cash flows (continued)

Changes in assets and liabilities:		
- (increase)/decrease in receivables	932	4,736
- (increase)/decrease in other assets	2,588	(30,245)
- increase/(decrease) in payables	(10,361)	3,565
- increase/(decrease) in provisions	11,350	19,315
Net cash flows (used in)/provided by operating activities	48,221	(45,646)

Note 18. Leases

Operating lease commitments

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

Payable - minimum lease payments:

- not later than 12 months	88,338	89,128
- between 12 months and 5 years	101,781	183,633
	190,119	272,761

The operating lease for the branch premises is a non-cancellable lease with a five-year term expiring on 31 December 2021, with rent payable monthly in advance. The lease is currently into its second term of two.

The operating lease for the Corporate Office is a non-cancellable lease with a three-year term expiring on the 16 January 2021, with rent payable monthly in advance. The lease is currently into its final term.

The operating lease for the Fuji Xerox photocopier is a non-cancellable lease with a four-year term expiring 1 March 2023, with rent payable monthly in advance.

Note 19. Auditor's remuneration

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

- audit and review services	4,600	4,400
- non audit services	2,630	2,580
- share registry services	6,713	-
	13,943	6,980

Notes to the financial statements (continued)

	2019	2018
	\$	\$

Note 20. Director and related party disclosures

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

Richard James Stuart
 James Edward Saunders (a)
 Frances Jessica Berry
 Susan Elisabeth Fox-Mooney
 Peter Francis Hackett
 Benjamin Peter Fillery
 Susan Prentice Gill (*Appointed 26 June 2019*)
 Tara Lee Herbert (*Resigned 11 February 2019*)
 Matthew Charles Yacopetti (*Resigned 11 January 2019*)
 Arthur Robert Maddison (*Resigned 11 January 2019*)

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:

Jeasdel Pty Ltd a company controlled by James Edward Saunders provided accounting services.	2,900	755
Peter Hackett provided electrical integrity testing services	400	-

Directors Shareholdings

Richard James Stuart	500	500
James Edward Saunders (a)	3,000	3,000
Frances Jessica Berry	1,000	1,000
Susan Elisabeth Fox-Mooney	100	100
Peter Francis Hackett	500	500
Benjamin Peter Fillery	100	100
Susan Prentice Gill (<i>Appointed 26 June 2019</i>)	-	-
Tara Lee Herbert (<i>Resigned 11 February 2019</i>)	100	100
Matthew Charles Yacopetti (<i>Resigned 11 January 2019</i>)	-	-
Arthur Robert Maddison (<i>Resigned 11 January 2019</i>)	10,700	10,700

Note a) the holding is via Yeovil Holdings Pty Ltd as trustee of a Family Trust in which Mr Saunders has an interest. There was no movement in directors shareholdings during the year.

Notes to the financial statements (continued)

	2019	2018
	\$	\$

Note 21. Dividends provided for or paid

a. Dividends paid during the year

Prior year proposed final		
100% (2018: 100%) franked dividend - 6 cents (2018: 6 cents) per share	33,942	33,942
The tax rate at which dividends have been franked is 27.5% (2018: 27.5%)		

b. Dividends proposed and recognised as a liability

Current year final dividend		
100% (2018: 100%) franked dividend - 5 cents (2018: 6 cents) per share	28,285	33,942
Dividends proposed will be franked at a rate of 27.5% (2018: 27.5%).		

c. Franking account balance

Franking credits available for subsequent reporting periods are:		
• franking account balance as at the end of the financial year	416,005	428,880
• franking credits that will arise from payment of income tax as at the end of the financial year	-	-
• franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	(10,729)	(12,875)
Franking credits available for future financial reporting periods:	405,276	416,005
• 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	405,276	416,005

Note 22. Key management personnel disclosures

The directors received remuneration including superannuation, as follows:

Richard James Stuart	3,668	4,000
James Edward Saunders - Note 20(a)	2,000	2,000
Frances Jessica Berry	2,000	2,000
Susan Elisabeth Fox-Mooney	2,000	2,000
Peter Francis Hackett	2,000	2,000
Benjamin Peter Fillery	2,000	2,000
Susan Prentice Gill (<i>Appointed 26 June 2019</i>)	-	-
Tara Lee Herbert (<i>Resigned 11 February 2019</i>)	1,167	2,000
Matthew Charles Yacopetti (<i>Resigned 11 January 2019</i>)	1,000	2,000
Arthur Robert Maddison (<i>Resigned 11 January 2019</i>)	1,000	2,000
	16,835	20,000

Notes to the financial statements (continued)

	2019	2018
	\$	\$

Note 22. Key management personnel disclosures (continued)

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 Mundaring, Western Australia. 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 \$2,799 for the year ended 30 June 2019 (2018: \$2,786).

Note 23. Earnings per share

(a) Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	3,316	(81,813)
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	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	565,700	565,700

Note 24. Events occurring after the reporting date

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

Note 25. Contingent liabilities and contingent assets

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

Note 26. Commitments

The company has commitments to provide funds to community groups which are contingent upon those groups meeting certain conditions associated with those grants. If those conditions were met at 30 June 2019 total commitments would be \$38,000 (2018 \$38,500).

Note 27. Segment reporting

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

Note 28. Registered office/Principal place of business

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

Registered Office	Principal Place of Business
6945 Great Eastern Highway	6945 Great Eastern Highway
Mundaring WA 6073	Mundaring WA 6073

Notes to the financial statements (continued)

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					
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	142,069	166,116	892,027	865,000	-	-	-	-	200	200	2.11	2.19
Receivables	-	-	-	5,000	-	-	-	-	112,942	109,097	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	5,490	5,920	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 2019, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2019	2018
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	10,341	10,311
Decrease in interest rate by 1%	(10,341)	(10,311)
Change in equity		
Increase in interest rate by 1%	10,341	10,311
Decrease in interest rate by 1%	(10,341)	(10,311)

Directors' declaration

In accordance with a resolution of the directors of Mundaring Community Financial Services 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 2019 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.



James Edward Saunders
Director

Signed on the 11th of August 2019.

Independent audit report



Chartered Accountants

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

Independent auditor's report to the members of Mundaring Community Financial Services Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Mundaring Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year ended; and
- ii. complying with Australian Accounting Standards.

What we have audited

Mundaring Community Financial Services 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 company.

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.

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Independent audit report (continued)

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

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

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

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

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report 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: 11 August 2019



Joshua Griffin
Lead Auditor

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