Stonnington Community Financial Services Limited
ABN: 31 099 416 092

Financial Report

For the year ended 30 June 2019

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The Directors present their report of the company for the financial year ended 30 June 2019.

Directors

The following persons were Directors of Stonnington Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Directors	Details
Julie Scott	Julie was Company Secretary until appointed as Chairperson in October 2018. She holds a Diploma of Catering Management and Certificate 2 Wine Appreciation - WSET. Julie is an experienced manager, who has developed her skills over the past thirty years in both Catering Management and Banking, including over ten years within the Bendigo Bank Community® Bank network. Her specific areas of interest are volunteering within her community, and mentoring good people to be better.
Leigh Powell	Leigh resigned as director and Chairperson in October 2018. Leigh has a Bachleor of Commerce and has worked in business as well as the mortgage and finance sectors for 43 years. Over this time he has gained extensive experience in product development, credit risk, operational risk, commercial contract negotiation, supplier management, dispute resolution and capital markets securitisation. Currently Leigh operates his own consultancy and advisory business leveraging previous experience gained in senior roles with National Australia Bank, Genworth Financial and PMI Mortgage Insurance.
Charlotte Rendle-Scott	Charlotte was appointed as Company Secretary in November 2018. She holds a Masters of Business Administration, Med Admin, Diploma of education, Bachelor of Music and Certificate in Executive Coaching & Mentoring. Charlotte has had more than 31 years experience in education, having held senior leadership positions at school and system level. In her current work, she coaches and mentors principals and school leadership teams across all three sectors. Charlotte is also Deputy Chair on the Board of Early Childhood Management Services.
Giovanni Caneva	Jon has been Treasurer since June 2017. He holds a Certificate IV in Accounting and is a registered BAS Agent. Jon assists other businesses with business development, adminstration, bookkeeping and BAS preparation. He also owned and operated the then Duke of Windsor Hotel (Lucky Coq) for 14 years and was instrumental in getting the Windsor Community Bank® Branch and Winsdor IGA up and running.
Rajkumar Gopiraj	Rajkumar resigned as a director in September 2018. He holds a Bachelor of Science in Materials and Mathematics, as well as a Bachelor of Engineering (Hons) in Materials. Rajkumar has been employed in a diverse range of organisations, including AECOM Australia Pty Ltd, United Nations - UMOJA and the Australian Red Cross. During this time he has demonstrated strong project, operational, business and general business management acumen. He has a proven record of developing strategic approaches and employing tactical methods to maximize productivity.
Sue Denmead	Sue was appointed as director in October 2016 and is a Registered Nurse, Registered midwife and Lactaction consultant (IBCLC). She was a Maternal and Child Health nurse for Stonnington Council for 14 years and is currently working as an Enhanced MCHN, focusing on the socially disadvantaged and culturally challenged families within Stonnington.
Elizabeth Weston	Elizabeth was appointed as a director in May 2017, Elizabeth holds a Master of Business Administration, Masters of Laws and Bachelor of Arts (Hons). She is a financial services executive and dual-qualified Australian/UK corporate lawyer, with more than 16 years experience in investment management, superannuation, regulatory compliance, corporate governance and risk matters. Elizabeth is a Member of the Australian Institute of Company Directors.

Amie Milkins

Amie was appointed as a director in June 2018. She has a Bachelor of Applied Science, Post Graduate Diploma in Human Nutrition and Masters in Health Science (Health Promotion). Through working locally as a Health Promotion Officer, Amie has gained valuable insight into the strengths and challenges facing the Stonnington community. Her community engagement skills, project management and passion for equity ensures there is voice given to those less heard.

Annie Lay

Annie was appointed as a director in June 2018 and resigned in July 2018 when she moved overseas. Annie holds a Bachelor of Engineering, Bachelor of Science, Masters of Engineering and Masters of Business Administration. Annie is an experienced engineer and strategist. She spent just under 11 years practicing as an electrical engineer, gaining her chartered status within her first 5 years. More recently she has moved into a strategy and innovation role, helping clients to develop their response to the rapid rise of new digital technology. During her spare time Annie is engaged with start-ups and mentoring university students or graduates.

Warrick King

Appointed as a director in January 2019, Warrick is a Chartered Accountant who holds a Graduate Diploma in Applied Finance & Investment and is currently completing a Graduate Diploma of Applied Corporate Governance. He was a Manager at PwC and Financial Controller at a Global Services Company. Warrick is currently the General Manager Finance and Company Secretary for a privately owned corporate group.

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' meetings

Attendances by each Director during the year were as follows:

	Board meetings		Audit Committee meetings	
Director	**A**	**B**	**A**	**B**
Julie Scott	11	11	1	1
Leigh Powell	4	4	NA	NA
Charlotte Rendle-Scott	11	10	NA	NA
Giovanni Caneva	11	10	1	1
Rajkumar Gopiraj	3	2	NA	NA
Sue Denmead	11	10	NA	NA
Elizabeth Weston	11	5	NA	NA
Amie Milkins	11	10	NA	NA
Annie Lay	1	1	NA	NA
Warrick King	6	6	1	0

A - The number of meetings eligible to attend.

B - The number of meetings attended.

N/A - not a member of that committee.

Company Secretary

Charlotte was appointed as a director in May 2018 and became Company Secretary in November 2018. Charlotte has had more than 31 years experience in education, having held senior leadership positions at school and system level. In her current work, she coaches and mentors principals and school leadership teams across all three sectors. Charlotte is also Deputy Chair on the Board of Early Childhood Management Services.

Principal activities

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

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

Review of operations

The profit of the company for the financial year after provision for income tax was $18,030 (2018 profit: $67,664), which is a 73.4% decrease as compared with the previous year.

Revenue was $53,057 less than 2018, while expenses increased by $30,029 which is mostly due to higher wages with the introduction of a Mobile Relationship Manager. This role is an important part of our growth strategy, being a service that competitors offer and customers expect.

Dividends

The board resolved at its June 2018 meeting to pay a 4 cent dividend in September 2018. The $26,000 dividend was recognised in the financial statements as being payable at 30 June 2018, but paid in October 2018. The board declared at its June 2019 meeting that it would declare a 3 cent dividend in September 2019, with the $19,500 to be paid in October 2019.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

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

Likely developments

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

Environmental regulations

The company is not subject to any significant environmental regulation.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set at page 6 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Windsor on 29 August 2019.

Julie Scott
Director

rsd Audit

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Bendigo, Victoria
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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Stonnington Community Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 there have been no contraventions of:

(i) The auditor independence requirements set out in the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

Kathie Teasdale
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 30 August 2019

Stonnington Community Financial Services Limited
ABN 31 099 416 092
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	2	900,299	953,356
Expenses			
Employee benefits expense	3	(432,658)	(401,603)
Depreciation and amortisation	3	(25,850)	(31,424)
Finance costs	3	(787)	(1,103)
Bad and doubtful debts expense	3	(1,243)	(1,258)
Administration and general costs		(56,521)	(58,425)
Occupancy expenses		(117,391)	(113,319)
IT expenses		(44,773)	(44,819)
ATM Expenses		(25,880)	(23,213)
Repairs & Maintenance		(3,002)	(17,928)
Other expenses		(115,339)	(100,323)
		(823,444)	(793,415)
Operating profit before charitable donations & sponsorship		**76,855**	**159,941**
Charitable donations and sponsorships		(51,986)	(66,079)
Profit before income tax		**24,869**	**93,862**
Income tax expense	4	(6,839)	(26,198)
Profit for the year after income tax		**18,030**	**67,664**
Other comprehensive income		-	-
Total comprehensive income for the year		**18,030**	**67,664**
Profit attributable to members of the company		18,030	67,664
Total comprehensive income attributable to members of the company		**18,030**	**67,664**
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share):			
- basic earnings per share	18	2.79	10.46

These financial statements should be read in conjunction with the accompanying notes.

Stonnington Community Financial Services Limited
ABN 31 099 416 092
Statement of Financial Position
as at 30 June 2019

	Note	2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	5	228,560	189,810
Trade and other receivables	6	40,995	70,918
Financial assets	7	200,000	200,000
Current tax asset	4	8,251	20,921
Other assets	8	2,556	2,570
Total current assets		**480,362**	**484,219**
Non-current assets			
Property, plant and equipment	9	43,084	57,915
Intangible assets	10	36,728	47,747
Deferred tax assets	4	702	-
Total non-current assets		**80,514**	**105,662**
Total assets		**560,876**	**589,881**
Liabilities			
Current liabilities			
Trade and other payables	12	31,447	42,285
Borrowings	13	19,179	18,846
Provisions	14	3,993	520
Total current liabilities		**54,619**	**61,651**
Non-current liabilities			
Borrowings	13	30,292	49,471
Deferred tax liability	4	-	1,324
Total non-current liabilities		**30,292**	**50,795**
Total liabilities		**84,911**	**112,446**
Net assets		**475,965**	**477,435**
Equity			
Issued capital	15	647,010	647,010
Accumulated losses	16	(171,045)	(169,575)
Total equity		**475,965**	**477,435**

These financial statements should be read in conjunction with the accompanying notes.

Stonnington Community Financial Services Limited
ABN 31 099 416 092
Statement of Changes in Equity
for the year ended 30 June 2019

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2018		**647,010**	**(169,575)**	**477,435**
Comprehensive income for the year				
Profit for the year		-	18,030	18,030
Transactions with owners in their capacity as owners				
Dividends paid or provided	17	-	(19,500)	(19,500)
Balance at 30 June 2019		**647,010**	**(171,045)**	**475,965**
Balance at 1 July 2017		647,010	(211,239)	435,771
Comprehensive income for the year				
Profit for the year		-	67,664	67,664
Transactions with owners in their capacity as owners				
Dividends paid or provided	17	-	(26,000)	(26,000)
Balance at 30 June 2018		**647,010**	**(169,575)**	**477,435**

These financial statements should be read in conjunction with the accompanying notes.

Stonnington Community Financial Services Limited
ABN 31 099 416 092
Statement of Cash Flows
for the year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		1,010,792	1,032,531
Payments to suppliers and employees		(939,759)	(936,239)
Interest paid		(787)	(1,103)
Interest received		8,210	6,343
Income tax (paid) / refund		3,806	(76,487)
Net cash flows provided by operating activities	19b	**82,262**	**25,045**
Cash flows from investing activities			
Purchase of intangible assets		(12,545)	(11,404)
Net cash flows used in investing activities		**(12,545)**	**(11,404)**
Cash flows from financing activities			
Repayment of leases		(6,302)	(5,988)
Dividends paid		(24,665)	(24,795)
Net cash flows used in financing activities		**(30,967)**	**(30,783)**
Net increase/(decrease) in cash held		**38,750**	**(17,142)**
Cash and cash equivalents at beginning of financial year		189,810	206,952
Cash and cash equivalents at end of financial year	19a	**228,560**	**189,810**

These financial statements should be read in conjunction with the accompanying notes.

These financial statements and notes represent those of Stonnington Community Financial Services Limited.

Stonnington Community Financial Services Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 29 August 2019.

1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001,* Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

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

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank”, the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank®** branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank®** branches 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.

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

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branches;
- Training for the Branch Managers 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; and
- Sale techniques and proper customer relations.

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Comparative figures

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

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

1. Summary of significant accounting policies (continued)

(e) Critical accounting estimates and judgements (continued)

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(f) New and revised standards that are effective for these financial statements

With the exception of the below, these financial statements have been prepared in accordance with the same accounting policies adopted in the entity's last annual financial statements for the year ended 30 June 2018. Note that the changes in accounting policies specified below **ONLY** apply to the current period. The accounting policies included in the company's last annual financial statements for the year ended 30 June 2018 are the relevant policies for the purposes of comparatives.

AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments* (2014) became mandatorily effective on 1 January 2018. Accordingly, these standards apply for the first time to this set of annual financial statements. The nature and effect of changes arising from these standards are summarised in the section below.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 *Revenue,* AASB 111*Construction Contracts* and several revenue-related interpretations. The new Standard has been applied as at 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balances of retained earnings as at 1 July 2018 and comparatives are not restated.

Based on our assessment, there has not been any effect on the financial report from the adoption of this standard.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139's '*Financial Instruments: Recognition and Measurement*' requirements. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

When adopting AASB 9, the entity elected not to restate prior periods. Rather, differences arising from the adoption of AASB 9 in relation to classification, measurement, and impairment are recognised in opening retained earnings as at 1 July 2018.

As a result of AASB 9 the Term Deposits of $200,000 will be measured at amortised cost. Based on our assessment, there has not been any effect on the financial report from the adoption of this standard.

1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out on the proceeding pages.

AASB 16: *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:
- replaces AASB 117 Leases and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

The standard will primarily affect the accounting for the company's operating leases. As at the reporting date, the company has non-cancellable operating lease commitments of $481,398. This represents the lease which expires in December 2022 with no option to continue beyond that date. However, the company has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the company's profit and classification of cash flows.

The standard is mandatory for first interim periods within annual reporting periods beginning on or after 1 January 2019. The company does not intend to adopt the standard before its effective date.

(h) Change in accounting policies

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.

To determine whether to recognise revenue, the company follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

Given the nature of the agreement with Bendigo and Adelaide Bank Limited, there are no performance obligations, therefore the revenue is recognised at the earlier of:
a) when the entity has a right to receive the income and it can be reliably measured; or
b) upon receipt.

2. Revenue

	2019 $	2018 $
Revenue		
- service commissions	892,319	945,650
	892,319	945,650
Other revenue		
- interest received	7,980	7,706
	7,980	7,706
Total revenue	**900,299**	**953,356**

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.

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Interest and other income
Interest income is recognised on an accrual basis using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

Rendering of services
As detailed in the franchise agreement, companies earn three types of revenue - margin, commission and fee income. Bendigo and Adelaide Bank Limited decide the method of calculation of revenue the company earns on different types of products and services and this is dependent on the type of business the company generates also taking into account other factors including economic conditions, inlcuding interest rates.

Core Banking Products
Bendigo and Adelaide Bank Limited identify specific products and services as 'core banking products', however it also reserves the right to change the products and services identified as 'core banking products', providing 30 days notice is given. The core banking products, as at the end of the financial year included loans and deposits.

Margin
Margin is earned on all core banking products. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin. Margin is determined by taking the 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.

Commission
Commission is a fee earned on products and services sold. Depending on the product or services, it may be paid on the initial sale or on an ongoing basis.

Fee Income
Fee income is a share of 'bank fees and charges' charged to customers by Bendigo and Adeliade Bank Limited, including fees for loan applications and account transactions.

2. Revenue (continued)

Form and Amount of Financial Return

The franchise agreement stipulates that Bendigo and Adelaide Bank Limited may change the form, method of calculation or amount of financial return the company receives. The reasons behind making a change may include, but not limited to, changes in Bendigo and Adelaide Bank Limited's revenue streams/processes; economic factors or industry changes.

Bendigo and Adelaide Bank Limited may make any of the following changes to form, method of calculation or amount of financial returns:

- A change to the products and services identified as 'core banking products and services'
- A change as to whether it pays the company margin, commission or fee income on any product or service.
- A change to the method of calculation of costs of funds, deposit return and margin and a change to the amount of any margin, commission and fee income.

These abovementioned changes, may impact the revenue received by the company on a particular product or service, or a range of products and services.

However, if Bendigo and Adeliade Bank Limited make any of the above changes, per the franchise agreement, it must comply with the following constraints in doing so.

a) If margin or commission is paid on a core banking product or service, Bendigo and Adelaide Bank Limited cannot change it to fee income;

b) In changing a margin to a commission or a commission to a margin on a core banking product or service, ***OR*** changing the method of calculation of a cost of funds, deposit return or margin or amount of margin or commission on a core product or service, Bendigo and Adelaide Bank Limited must not reduce the company's share of Bendigo and Adelaide Bank Limited's margin on core banking product and services when aggregated to less than 50% of Bendigo and Adelaide Bank Limited's margin on core banking products attributed to the company's retail branch operation; and
c) Bendigo and Adelaide Bank Limited must publish the change at least 30 days before making the change.

3. Expenses

	2019 $	2018 $
Profit before income tax includes the following specific expenses:		
Employee benefits expense		
- wages and salaries	341,419	332,841
- superannuation costs	33,955	31,784
- other costs	57,284	36,978
	432,658	401,603

3. Expenses (continued)

	2019 $	2018 $
Depreciation and amortisation		
Depreciation		
- leasehold improvements	5,935	6,252
- plant and equipment	4,746	5,895
- motor vehicles	4,150	5,533
	14,831	17,680
Amortisation		
- franchise fees	11,019	13,744
Total depreciation and amortisation	25,850	31,424
Finance costs		
- Interest paid	787	1,103
Bad and doubtful debts expenses	1,243	1,258
Auditors' remuneration		
Remuneration of the Auditor, RSD Audit, for:		
- Audit or review of the financial report	5,093	5,037
	5,093	5,037

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	*Rate*	*Method*
Leasehold improvements	10 - 20%	SL
Plant and equipment	7.5 - 33.3%	SL
Motor vehicles	25%	DV

4. Income tax

	2019 $	2018 $
a. The components of tax expense comprise:		
Current tax expense	8,865	21,531
Deferred tax expense	(2,026)	4,281
Under / (over) provision of prior years	-	386
	6,839	**26,198**
b. Prima facie tax payable		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit before income tax at 27.5% (2018: 27.5%)	6,839	25,812
Add tax effect of:		
- Under / (over) provision of prior years	-	386
Income tax attributable to the entity	**6,839**	**26,198**
The applicable weighted average effective tax rate is:	27.50%	27.91%
c. Current tax liability		
Current tax relates to the following:		
Current tax assets		
Opening balance	(20,921)	34,035
Income tax (paid) / refund	3,805	(76,487)
Current tax	8,865	21,531
	(8,251)	**(20,921)**
d. Deferred tax asset / liability		
Deferred tax relates to the following:		
Deferred tax assets comprise:		
Accrued wages	1,004	-
Employee provisions	1,098	143
	2,102	143
Deferred tax liabilities comprise:		
Accrued income	697	760
Prepayments	703	707
	1,400	1,467
Net deferred tax asset / liability	**702**	**(1,324)**
e. Deferred income tax included in income tax expense comprises:		
Decrease / (increase) in deferred tax assets	(1,959)	3,200
(Decrease) / increase in deferred tax liabilities	(67)	1,081
	(2,026)	**4,281**

4. Income tax (continued)

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/assets are measured at the amounts expected to be paid to/recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

5. Cash and cash equivalents

	2019 $	2018 $
Cash at bank and on hand	228,560	189,810
	228,560	**189,810**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less.

6. Trade and other receivables

	2019 $	2018 $
Current		
Trade receivables	38,461	53,153
Other receivables	2,534	17,765
	40,995	**70,918**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

6. Trade and other receivables (continued)

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Not past due	Past due but not impaired			Past due and impaired
			< 30 days	31-60 days	> 60 days	
2019	$	$	$	$	$	$
Trade receivables	38,461	38,461	-	-	-	-
Other receivables	2,534	2,534	-	-	-	-
Total	**40,995**	**40,995**	**-**	**-**	**-**	**-**
2018						
Trade receivables	53,153	53,153	-	-	-	-
Other receivables	17,765	17,765	-	-	-	-
Total	**70,918**	**70,918**	**-**	**-**	**-**	**-**

7. Financial assets

	2019 $	2018 $
Amortised cost		
Term deposits	200,000	200,000
	200,000	200,000

(a) Classification of financial assets
The company classifies its financial assets in the following categories:
• amortised cost

Classification is determined by both:
- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets.

(b) Measurement of financial assets
Financial assets at amortised cost
Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):
- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Cash and cash equivalents, trade and other receivables fall into this category of financial instruments as well as term deposits that were previously classified as held-to-maturity under AASB 139.

7. Financial assets (continued)

(c) Impairment of financial assets

AASB 9's impairment requirements use more forward looking information to recognise expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVTOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.
12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(d) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

8. Other assets

	2019 $	2018 $
Prepayments	2,556	2,570
	2,556	**2,570**

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

9. Property, plant and equipment

	2019 $			2018 $		
	At cost	Accumulated depreciation	Written down value	At cost	Accumulated depreciation	Written down value
Leasehold improvements	348,103	(339,002)	9,101	348,103	(333,068)	15,035
Plant and equipment	99,950	(78,417)	21,533	99,950	(73,670)	26,280
Motor vehicles	23,501	(11,051)	12,450	23,501	(6,901)	16,600
Total property, plant and equipment	**471,554**	**(428,470)**	**43,084**	**471,554**	**(413,639)**	**57,915**

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

9. Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(a) Capital expenditure commitments
The entity does not have any capital expenditure commitments at 30 June 2019 (2018: None)

(b) Movements in carrying amounts of PP&E

2019	Opening written down value	Depreciation	Closing written down value
Leasehold improvements	15,035	(5,934)	9,101
Plant and equipment	26,280	(4,747)	21,533
Motor vehicles	16,600	(4,150)	12,450
Total property, plant and equipment	**57,915**	**(14,831)**	**43,084**

2018	Opening written down value	Depreciation	Closing written down value
Leasehold improvements	21,288	(6,252)	15,036
Plant and equipment	32,174	(5,895)	26,279
Motor vehicles	22,133	(5,533)	16,600
Total property, plant and equipment	**75,595**	**(17,680)**	**57,915**

10. Intangible assets

	2019 $ At cost	2019 $ Accumulated amortisation	2019 $ Written down value	2018 $ At cost	2018 $ Accumulated amortisation	2018 $ Written down value
Franchise fees	122,555	(115,210)	7,345	122,555	(113,006)	9,549
Establishment costs	25,000	(25,000)	-	25,000	(25,000)	-
Renewal franchise fee	90,224	(60,841)	29,383	90,224	(52,026)	38,198
Training Fee	1,925	(1,925)	-	1,925	(1,925)	-
Total intangible assets	**239,704**	**(202,976)**	**36,728**	**239,704**	**(191,957)**	**47,747**

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

Movements in carrying amounts

2019	Opening written down value	Additions	Amortisation	Closing written down value
Franchise fees	9,549	-	(2,204)	7,345
Renewal franchise fee	38,198	-	(8,815)	29,383
Total intangible assets	**47,747**	**-**	**(11,019)**	**36,728**

2018	Opening written down value	Additions	Amortisation	Closing written down value
Franchise fees	895	11,018	(2,364)	9,549
Renewal franchise fee	3,578	44,075	(9,455)	38,198
Training fee	-	1,925	(1,925)	-
Total intangible assets	**4,473**	**57,018**	**(13,744)**	**47,747**

11. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

12. Trade and other payables

	2019 $	2018 $
Current		
Unsecured liabilities:		
Trade creditors	1,196	4,636
Dividend payable	23,678	28,843
Other creditors and accruals	6,573	8,806
	31,447	**42,285**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

The average credit period on trade and other payables is one month.

13. Borrowings

	2019 $	2018 $
Current		
Unsecured liabilities		
Franchise & Renewal Fees	12,544	12,544
Secured liabilities		
Finance leases	6,635	6,302
	19,179	**18,846**
Non-current		
Unsecured liabilities		
Franchise & Renewal Fees	25,088	37,632
Secured liabilities		
Finance leases	5,204	11,839
	30,292	**49,471**
Total borrowings	**49,471**	**68,317**

13. Borrowings (continued)

Finance 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 recognising 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 recognised as expenses in the periods in which they are incurred.

(a) Lease liabilities
Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

14. Provisions

	2019 $	2018 $
Current		
Annual Leave	3,993	520
Total provisions	**3,993**	**520**

Short-term employee benefits
Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Other long-term employee benefits
Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

15. Share capital

	2019 $	2018 $
620,100 Ordinary shares fully paid	620,100	620,100
29,900 Ordinary shares fully paid	26,910	26,910
	647,010	**647,010**

Ordinary shares are classified as equity.

(a) Movements in share capital

	2019 $	2018 $
Fully paid ordinary shares:		
At the beginning of the reporting period	647,010	647,010
At the end of the reporting period	**647,010**	**647,010**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

(b) 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 Statement of Financial Position.

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

(i) the Distribution Limit is the greater of:
  (a) 20% of the profit or funds of the company 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; and

(ii) 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

16. Accumulated Losses

	2019 $	2018 $
Balance at the beginning of the reporting period	(169,575)	(211,239)
Profit for the year after income tax	18,030	67,664
Dividends paid	(19,500)	(26,000)
Balance at the end of the reporting period	**(171,045)**	**(169,575)**

17. Dividends paid or provided for on ordinary shares

	2019 $	2018 $
Dividends paid or provided for during the year		
The board resolved at its June 2018 meeting to pay a 4 cent dividend in September 2018. The $26,000 dividend was recognised in the financial statements as being payable at 30 June 2018, but paid in October 2018. The board declared at its June 2019 meeting that it would declare a 3 cent dividend in September 2019, which would be paid in October 2019.	19,500	26,000

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

18. Earnings per share

	2019 $	2018 $
Basic earnings per share (cents)	2.79	10.46
Earnings used in calculating basic earnings per share	18,030	67,664
Weighted average number of ordinary shares used in calculating basic earnings per share	647,010	647,010

Basic earnings per share

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

19. Statement of cash flows

	2019 $	2018 $

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	2019 $	2018 $
Cash and cash equivalents (Note 5)	228,560	189,810
As per the Statement of Cash Flow	**228,560**	**189,810**

(b) Reconciliation of cash flow from operations with profit after income tax

	2019 $	2018 $
Profit for the year after income tax	18,030	67,664
Non-cash flows in profit		
- Depreciation and amortisation	25,850	31,424
- Bad debts	1,243	1,258
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	28,680	(4,349)
- (increase) / decrease in prepayments and other assets	14	(2,570)
- (Increase) / decrease in deferred tax asset	(2,026)	4,667
- Increase / (decrease) in trade and other payables	(5,672)	(6,457)
- Increase / (decrease) in current tax liability	12,670	(54,956)
- Increase / (decrease) in provisions	3,473	(11,636)
Net cash flows from operating activities	**82,262**	**25,045**

(c) Credit standby arrangement and loan facilities

The company has available a loan facility amounting of $70,000. The balance was $0 at 30th June 2019. (2018: $0).

20. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2019 $	2018 $
Leigh Powell	500	2,000
Giovanni Caneva	1,500	1,500
Julie Scott	1,875	1,500
Rajkumar Gopiraj	250	1,000
Sue Denmead	1,000	875
Alice Boriboun	-	750
Elizabeth Weston	-	500
Cathy Seaholme	-	250
Charlotte Rendle-Scott	1,300	-
Amie Milkins	500	-
Annie Lay	-	-
Warrick King	250	-
Total key management personnel compensation	**7,175**	**8,375**

20. Key management personnel and related party disclosures (continued)

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company.

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of related party	Description of goods / services provided	Value $
Caneva Management Pty Ltd, a company of which Giovanni Caneva is a director.	Bookkeeping & Administration	12,000

(d) Key management personnel shareholdings

The number of ordinary shares in Stonnington Community Financial Services Limited held by each key management personnel of the company during the financial year is as follows:

	2019	2018
Julie Scott	500	-
Giovanni Caneva	40,000	40,000
	40,500	40,000

The only movement in key management personnel shareholdings during the year was the purchase of 500 shares by Julie Scott. Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

21. Events after the reporting period

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

22. Contingent liabilities and contingent assets

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

23. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Stonnington, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2018: 100%).

24. Commitments

Operating lease commitments

	2019 $	2018 $
Payable:		
- no later than 12 months	131,064	111,019
- between 12 months and five years	350,334	425,357
Minimum lease payments	481,398	536,376

The property lease is a non-cancellable lease with a five year term. This was renegotiated in March 2019, effective from December 2017 with the lease expiring in December 2022, with no option to continue the lease beyond that date. Rent is paid a month in advance, with a fixed 4% increase each year.

Non-cancellable operating leases contracted for but not capitalised in the Statement of Financial Position.

Finance lease commitments

Finance lease liabilities are payable exclusive of GST as follows:

	2019 $	2018 $
Payable:		
- no later than 12 months	7,089	7,089
- between 12 months and five years	5,317	12,406
Minimum lease payments	**12,406**	**19,495**
Less future interest charges	(567)	(1,354)
Finance lease liability	**11,839**	**18,141**

During April 2017 a motor vehicle was purchased using an equipment loan. This loan is to be repaid over 48 months with no balloon payment.

25. Company details

The registered office and principal place of business is 111 Chapel Street, Windsor VIC 3181.

26. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables, account payables and loans. The totals for each category of financial instruments measured in accordance with AASB 139 *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies are as follows:

	Note	2019 $	2018 $
Financial assets			
Cash and cash equivalents	5	228,560	189,810
Trade and other receivables	6	40,995	70,918
Financial assets	7	200,000	200,000
Total financial assets		**469,555**	**460,728**
Financial liabilities			
Trade and other payables	12	31,447	42,285
Borrowings	13	49,471	68,317
Total financial liabilities		**80,918**	**110,602**

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

26. Financial instrument risk (continued)

(a) Credit risk (continued)

None of the assets of the company are past due (2018: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2019	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	1.67%	228,560	228,560	-	-
Trade and other receivables	0.00%	40,995	40,995	-	-
Financial assets	2.45%	200,000	200,000	-	-
Total anticipated inflows		469,555	469,555	-	-
Financial liabilities					
Trade and other payables	0.00%	31,447	31,447	-	-
Borrowings	1.30%	49,471	19,179	30,292	-
Total expected outflows		80,918	50,626	30,292	-
Net inflow / (outflow) on financial instruments		**388,637**	**418,929**	**(30,292)**	**-**

26. Financial instrument risk (continued)

(b) Liquidity risk (continued)

30 June 2018	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	1.76%	189,810	189,810	-	-
Trade and other receivables	0.00%	70,918	70,918	-	-
Financial assets	2.43%	200,000	200,000	-	-
Total anticipated inflows		460,728	460,728	-	-
Financial liabilities					
Trade and other payables	0.00%	42,285	42,285	-	-
Borrowings	1.30%	68,317	18,846	49,471	-
Total expected outflows		110,602	61,131	49,471	-
Net inflow / (outflow) on financial instruments		**350,126**	**399,597**	**(49,471)**	**-**

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The primary risks the company is exposed to is interest rate risk and other price risk. The company has no exposure to fluctuations in foreign currency.

Interest rate risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings, and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	2019		2018	
	Profit $	Equity $	Profit $	Equity $
+/- 1% in interest rates (interest income)	4,286	4,286	3,898	3,898
+/- 1% in interest rates (interest expense)	(495)	(495)	(683)	(683)
	3,791	3,791	3,215	3,215

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Stonnington Community Financial Services Limited
ABN 31 099 416 092
Directors' Declaration

In accordance with a resolution of the Directors of Stonnington Community Financial Services Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 7 to 35 are in accordance with the *Corporations Act 2001*

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the company's financial position as at 30 June 2019 and of the performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

Julie Scott
Director

Signed at Windsor on 29 August 2019.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF STONNINGTON COMMUNITY FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Stonnington Community Financial Services Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion:

(a) the financial report of Stonnington 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 performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001;* and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements related to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Independence

We are independent of the entity 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

Director's Responsibility for the Financial Report

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

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

We obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. On connection with our audit of the financial report, our responsibility is to read the other information, 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, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RSD AUDIT

Kathie Teasdale
Partner
Bendigo
Dated: 30 August 2019