



**York & Districts**  
**Community Financial Services Ltd**

# **Annual Report**

## **30 June 2018**



**York & Districts Community Financial Services Limited**

**ABN 85 099 104 079**

**Registered Office: 114 Avon Terrace, York, WA, 6302**

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# Chairman and Manager's Report

On behalf of the Board and staff of the York & Districts **Community Bank**<sup>®</sup> Branch, we present the 16<sup>th</sup> Annual Report.

Since its inception in July 2002 the York & Districts **Community Bank**<sup>®</sup> Branch has continued to *Do Big Things for the York community*. As a proud, local business the York & Districts **Community Bank**<sup>®</sup> Branch has been able to provide personalised banking services and support to the community through grants and sponsorships to local volunteer, not-for-profit community, sporting, cultural and educational groups.

York & Districts **Community Bank**<sup>®</sup> Branch has returned to the community via sponsorships, grants and donations a total of \$39,296 during the financial year to 30 June 2018 and a total of over \$540,000 since opening in 2002.

In 2018 the company paid a dividend of 5 cents per share. This brought the total returned to shareholders by way of dividends and capital returns to about 56 cents per share.

## Company Financial Performance

The financial year ended 30 June 2018 saw a turnaround in the profitability of the York and Districts **Community Bank**<sup>®</sup>, despite continued challenging economic conditions. Full year income increased from \$653,793 to \$674,915. Board and Staff continued to focus strongly on controlling expenses and increasing growth resulting in an increase in profit.

The trend for debt reduction has carried over from the 2017 financial year into 2018. Customers have continued to pay down debt and build equity. Continued focus on new lending opportunities has been the goal for the Branch and has been rewarded with incremental growth in the lending market.

Total footings at the end of the financial year 30 June 2018 were \$92.311 million. Business was made up of \$56.810 million in deposits, up by \$3.803 million and \$22.032 million in lending up by \$2.249 million. Other business, including Rural Bank, Financial Planning, Superannuation and Treasury Deposits contributed \$13.469 million, down by \$0.827 million.

The operating profit before tax for the year was \$51,721 an increase from June 30 2017. The after tax profit was \$33,015. The profit reported is after allowing for contributions to the community through sponsorship, marketing and grants amounting to more than \$39,296.

The performance of the York & Districts **Community Bank**<sup>®</sup> Branch is mirrored in a number of smaller regional **Community Bank**<sup>®</sup> branches in WA. The Board in consultation with the Branch Manager, Graham Edmonds, remains focused on a number of strategies to develop new markets and opportunities within the region and monitor operating costs.

The growth of the Cunderdin Agency has continued to be strong. As of 30 June 2018, there are 239 accounts and \$8.566 million in business. The agency operates from an in-store facility at the Cunderdin Co-operative IGA. The agency is run by two Co-operative staff supported by York and Districts **Community Bank®** Branch CRO.

The key strategies to increase income in the new financial year include: developing lending across the district, building the Rural Bank brand and expanding our business portfolio in the areas of insurance, margin lending, and credit cards.

**Lending:** The focus on lending is the priority for the new financial year. The realities of the challenges of the current market are acknowledged by the Board and Staff of the Branch. As a result, the strategy is to look more broadly for opportunities in the district and to work in partnership with others to achieve growth.

**Rural Bank:** Garry Harvey from Rural Bank is working closely with the staff of the York & Districts **Community Bank®** Branch to develop the Agribusiness book. The result as of 30 June 2018 was growth of \$0.265 million in Rural Bank lending to \$3.623 million and growth of \$0.189 million in Rural Bank deposits to a total of \$1.579 million.

In 2018, the Board has continued to actively participate in and contribute to the Bendigo Bank campaign – *Doing Big Things for WA*. The campaign in conjunction with Seven West Media has contributed significantly to the development of the Bendigo brand. The campaign comprised a series of television and newspaper advertisements promoting the community contributions made by the Bendigo **Community Bank®** network.

### **Board of Directors**

The Board of York & Districts Community Financial Services Ltd remains stable and there have been no changes during the 2018 financial year.

### **Sponsorships**

The York & Districts Community Financial Services Ltd has continued to support community groups and organisations through grants and sponsorships.

The company has \$31,832 set aside in the Community Enterprise Foundation™ operated by the Bendigo and Adelaide Bank. Community grants that qualify under Australian tax law have been paid from these funds.

In the financial year ending 30 June 2018, the branch provided a number of grants and sponsorships. In total, 25 local not-for-profit community groups benefitted.

The most significant community project for 2018 was the continuation of the St John's Ambulance First Aid courses offered to the Year 10 students at the York and Districts High School. The aim of the program is to ensure that the youth of York are aware of the safety of one another and that they develop a set of skills to assist in their personal and work lives. At the end of 2017 almost 100 York students had completed their Senior First Aid Certificate and we expect a further 30 students will complete the course before the end of this year.

In 2018 the York & Districts **Community Bank**<sup>®</sup> Branch provided two \$1,000 scholarships for students from York District High School and an award of \$1,000 to the Dux of the Charles Sturt University Bachelor of Agricultural Business Management at Muresk.

### **Branch Operations**

The staff of the York & Districts **Community Bank**<sup>®</sup> Branch are committed to continuous improvement in product and sales training.

Insurance remains a major sales focus with several campaigns run throughout the year. York & Districts **Community Bank**<sup>®</sup> Branch performed well achieving 59 sales for the year.

York & Districts **Community Bank**<sup>®</sup> Branch is proud to service the banking needs of people in the York and Cunderdin communities and the surrounding districts. The year ahead is seen to be a positive one. Our growth will require the continued commitment and focus of the Board and staff with support from the community.

We encourage all shareholders to assist us so we can *Do Big Things for York and Districts*. Our aim is to be able to give back to the community. We look forward to delivering a positive result in the new financial year

**Diane Robertson-Smith**  
Chairman  
York & Districts Community  
Financial Services Limited

**Graham Edmonds**  
Manager  
York & Districts **Community**  
**Bank**<sup>®</sup> Branch

# York & Districts Community Financial Services Limited


## Directors' Declaration

In accordance with a resolution of the directors of York & Districts 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 2018 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



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Diane Robertson Smith, Chair

Signed on the 27th of September 2018.



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 York & Districts Community Financial Services Limited

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial report of York & Districts 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 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

#### What we have audited

York & Districts 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 entity.

#### Basis for opinion

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

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

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

#### Other information

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

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

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

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

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

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

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

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

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

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

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated: 27 September 2018



**David Hutchings**  
Lead Auditor



# York & Districts Community Financial Services Limited

## Directors' Report

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

### Directors

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

Diane Robertson Smith

Chair

Occupation: Training Consultant

Qualifications, experience and expertise: Currently a principal of Robertson-Smith Consulting. Professional qualifications include Bachelor of Arts and Diploma of Education. 30 years experience as business owner, Specialist facilitator, training and coach in leadership and management development. Has worked with several major mining and manufacturing companies. Previous Board roles include Vice Chair of Port Pirie Regional Hospital and Volunteer at Fremantle Sailing Club.

Special responsibilities: Chair, Financial Committee, Advertising Committee, Sponsorship and Marketing Committee.

Interest in shares: Nil

Joanne Allen

Secretary

Occupation: Education Assistant/Farmer

Qualifications, experience and expertise: Born and raised in York. Partner in 3rd generation farm. 15 years experience as a Pharmacy Assistant. Certificate 3 in Education Assistant. Currently employed at York District High School.

Special responsibilities: Company Secretary, Sponsorship and Marketing Committee.

Interest in shares: 2,000

Lindsay Milton McNeil

Director

Occupation: Retired

Qualifications, experience and expertise: Experience as agricultural technical officer, bank officer, agriculture teacher, journalist and small business operator. Holds arts degree and diplomas in education and agriculture.

Special responsibilities: Finance and Audit Committee, Sponsorship and Marketing Committee.

Interest in shares: 6,001

Kenneth Charles Stevenson

Director

Occupation: Agricultural Consultant

Qualifications, experience and expertise: Kenneth is an Agricultural Consultant and Farm Manager. Qualifications include Diploma of Agricultural Science (Dip.AG.Sci), Executive Certificate in Agribusiness (Cont.AG.Bus). Honours in Fellow of the Australian Association of Agricultural Consultants (WA) (FAAAC) and Fellow of the Australian Institute of Company Directors (FAICD). Experience includes Director of Stevenson Agriculture Pty Ltd from 2012 to present, Founding Partner of Farmanco Management Consultant 1978 to 2010. Community roles include Director and Chairman of York and District Co-op 1995 - 2010, Fellow and Chairman of Council Guildford Grammar School 2001 - 2009, Chairman of the Board of Management at Muresk Institute Curtin University 1997 - 2005. Director and Chairman of Kondinin Group 2000 - 2010.

Special responsibilities: Finance Committee

Interest in shares: Nil

Mark Gregory Duperouzel

Director

Occupation: Owner and Manager - M.A.L Automotive

Qualifications, experience and expertise: Owner and Manager of M.A.L Automotive for 24 years and counting. Owner and Manager of Avon Mini bus hire. A board member for Western Australia (W.A) Water Ski Association as tournament director, Regional Development Officer for W.A Water Ski Assoc. and board member. Y.DCFS Board member.

Special responsibilities: Nil

Interest in shares: Nil

# York & Districts Community Financial Services Limited

## Directors' Report

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

### Directors

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

Diane Robertson Smith

Chair

Occupation: Training Consultant

Qualifications, experience and expertise: Currently a principal of Robertson-Smith Consulting. Professional qualifications include Bachelor of Arts and Diploma of Education. 30 years experience as business owner, Specialist facilitator, training and coach in leadership and management development. Has worked with several major mining and manufacturing companies. Previous Board roles include Vice Chair of Port Pirie Regional Hospital and Volunteer at Fremantle Sailing Club. Special responsibilities: Chair, Financial Committee, Advertising Committee, Sponsorship and Marketing Committee. Interest in shares: Nil

Joanne Allen

Secretary

Occupation: Education Assistant/Farmer

Qualifications, experience and expertise: Born and raised in York. Partner in 3rd generation farm. 15 years experience as a Pharmacy Assistant. Certificate 3 in Education Assistant. Currently employed at York District High School. Special responsibilities: Company Secretary, Sponsorship and Marketing Committee. Interest in shares: 2,000

Lindsay Milton McNeill

Director

Occupation: Retired

Qualifications, experience and expertise: Experience as agricultural technical officer, bank officer, agriculture teacher, journalist and small business operator. Holds arts degree and diplomas in education and agriculture. Special responsibilities: Finance and Audit Committee, Sponsorship and Marketing Committee. Interest in shares: 6,001

Kenneth Charles Stevenson

Director

Occupation: Agricultural Consultant

Qualifications, experience and expertise: Kenneth is an Agricultural Consultant and Farm Manager. Qualifications include Diploma of Agricultural Science (Dip.AG.Sci), Executive Certificate in Agribusiness (Cont.AG.Bus). Honours in Fellow of the Australian Association of Agricultural Consultants (WA) (FAAAC) and Fellow of the Australian Institute of Company Directors (FAICD). Experience includes Director of Stevenson Agriculture Pty Ltd from 2012 to present, Founding Partner of Farmanco Management Consultant 1978 to 2010. Community roles include Director and Chairman of York and District Co-op 1995 - 2010, Fellow and Chairman of Council Guildford Grammar School 2001 - 2009, Chairman of the Board of Management at Muresk Institute Curtin University 1997 - 2005. Director and Chairman of Kondinin Group 2000 - 2010. Special responsibilities: Finance Committee Interest in shares: Nil

Mark Gregory Duperouzel

Director

Occupation: Owner and Manager - M.A.L Automotive

Qualifications, experience and expertise: Owner and Manager of M.A.L Automotive for 24 years and counting. Owner and Manager of Avon Mini bus hire. A board member for Western Australia (W.A) Water Ski Association as tournament director, Regional Development Officer for W.A Water Ski Assoc. and board member. Y.DCFS Board member. Special responsibilities: Nil Interest in shares: Nil

# York & Districts Community Financial Services Limited

## Directors' Report

### Directors (continued)

Susan Marie Flynn

Director

Occupation: Part-time Office Manager / Bookkeeper

Qualifications, experience and expertise: Sue is an Chairperson for St John Ambulance York and Volunteers for St John Ambulance. Part-time Bookkeeper and Office Manager for two businesses, Dental Assistant for the past 8 years and Secondary School Teacher for 20 years with Bachelors of Education. Chairperson and Secretary of York Swimming Club, Member of School Boards for Kolbe Catholic Collage, St Marys Merredin, Holy Rosary Derby and St Joseph's school Newtown. Co-ordinator of Derby Community Centre, Secretary of Sales WA Derby, Laboratory Technician at Aquinas College and Business Proprietor at Flynn Stockfeed.

Special responsibilities: Nil

Interest in shares: Nil

Clayton Scott Smith

Director

Occupation: Co Director

Qualifications, experience and expertise: Claytons employment history consists of Bank Officer at National Australia Bank (1981 - 1985), Life insurance Agent for National Mutual (1985 - 1992), Director, Financial Planning at KPMG (1992 - 1999). Financial Planner at Plan B (1999 - 2002), Franchisee for Dymocks Hay Street (2002 - 2015) and is currently the owner of Barclay Books (2015 - Present. Clayton has a Diploma of Financials Planning.

Special responsibilities: Nil

Interest in shares: Nil

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

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

### Company Secretary

The company secretary is Joanne Allen. Joanne was appointed to the position of secretary on 18 November 2006

Joanne has 25 years farming experience and 15 years as a pharmacy assistant.

### Principal Activities

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

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

### Operating results

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

Year ended 30 June 2018	Year ended 30 June 2017
\$	\$
33,015	10,889

### Dividends

	Year ended 30 June 2018	
	Cents	\$
Dividends paid in the year	5	22,645

# York & Districts Community Financial Services Limited

## Directors' Report

### Significant changes in the state of affairs

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

### Events since the end of the financial year

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

### Likely developments

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

### Environmental regulation

The company is not subject to any significant environmental regulation.

### Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 21 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

### 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:

	Directors' Meetings	
	<u>Eligible</u>	<u>Attended</u>
Diane Robertson Smith	10	10
Joanne Allen	10	10
Lindsay Milton McNeill	10	8
Kenneth Charles Stevenson	10	7
Mark Duperouzel	10	6
Sue Marie Flynn	10	10
Clayton Scott Smith	10	9

# York & Districts Community Financial Services Limited

## Directors' Report

### Proceedings on behalf of the company

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

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

### Non audit services

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

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


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

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

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the board of directors at York, Western Australia on 27 September 2018.



Diane Robertson Smith, Chair

York & Districts Community Financial Services Limited  
Statement of Profit or Loss and Other  
Comprehensive Income  
for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	674,915	653,793
Employee benefits expense		(366,976)	(389,501)
Charitable donations, sponsorship, advertising and promotion		(39,296)	(33,997)
Occupancy and associated costs		(21,168)	(16,979)
Systems costs		(22,137)	(22,307)
Depreciation and amortisation expense	5	(21,436)	(20,260)
Finance costs	5	(11,080)	(12,210)
General administration expenses		(141,101)	(143,995)
Profit before income tax		51,721	14,544
Income tax expense	6	(18,706)	(3,655)
Profit before income tax		33,015	10,889
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		33,015	10,889
Earnings per share		¢	¢
Basic earnings per share	22	7.29	2.40

The accompanying notes form part of these financial statements

# York & Districts Community Financial Services Limited

## Balance Sheet

as at 30 June 2018

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	7	355,153	335,901
Trade and other receivables	8	61,122	50,509
<b>Total current assets</b>		<b>416,275</b>	<b>386,410</b>
Non-current assets			
Property, plant and equipment	9	478,898	487,190
Intangible assets	10	54,843	834
Deferred tax asset	11	14,770	11,935
<b>Total non-current assets</b>		<b>548,511</b>	<b>499,959</b>
<b>Total assets</b>		<b>964,786</b>	<b>886,369</b>
<b>LIABILITIES</b>			
Current liabilities			
Trade and other payables	12	45,694	29,135
Current tax liabilities	11	23,225	1,684
Borrowings	13	31,980	31,980
Provisions	14	41,823	38,943
<b>Total current liabilities</b>		<b>142,722</b>	<b>101,742</b>
Non-current liabilities			
Trade and other payables	12	43,414	-
Borrowings	13	152,677	173,457
Provisions	14	11,060	6,627
<b>Total non-current liabilities</b>		<b>207,151</b>	<b>180,084</b>
<b>Total liabilities</b>		<b>349,873</b>	<b>281,826</b>
<b>Net assets</b>		<b>614,913</b>	<b>604,543</b>
<b>EQUITY</b>			
Issued capital	15	360,527	360,527
Retained earnings	16	254,386	244,016
<b>Total equity</b>		<b>614,913</b>	<b>604,543</b>

The accompanying notes form part of these financial statements

# York & Districts Community Financial Services Limited

## Statement of Changes in Equity

for the year ended 30 June 2018

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2016		360,527	233,127	593,654
Total comprehensive income for the year		-	10,889	10,889
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid		-	-	-
Balance at 30 June 2017		360,527	244,016	604,543
Balance at 1 July 2017		360,527	244,016	604,543
Total comprehensive income for the year		-	33,015	33,015
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	20	-	(22,645)	(22,645)
Balance at 30 June 2018		360,527	254,386	614,913

The accompanying notes form part of these financial statements



# York & Districts Community Financial Services Limited

## Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash flows from operating activities			
Receipts from customers		728,411	703,438
Payments to suppliers and employees		(649,160)	(638,085)
Interest received		5,996	5,641
Interest paid		(7,728)	(15,891)
Income taxes paid		-	8,206
Net cash provided by operating activities	17	77,519	63,309
Cash flows from investing activities			
Payments for property, plant and equipment		-	(2,220)
Payments for intangible assets		(14,842)	-
Net cash used in investing activities		(14,842)	(2,220)
Cash flows from financing activities			
Repayment of borrowings		(20,780)	(19,650)
Dividends paid	20	(22,645)	-
Net cash used in financing activities		(43,425)	(19,650)
Net increase in cash held		19,252	41,439
Cash and cash equivalents at the beginning of the financial year		335,901	294,462
Cash and cash equivalents at the end of the financial year	7(a)	355,153	335,901

The accompanying notes form part of these financial statements

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

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#### Note 1. Summary of significant accounting policies

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##### a) Basis of preparation

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

##### *Compliance with IFRS*

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

##### *Critical accounting estimates*

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

##### *Historical cost convention*

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

##### *Comparative figures*

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

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

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

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

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised.

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

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

AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This accounting standard is not expected to have a material impact on the financial statements.

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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#### a) Basis of preparation *(continued)*

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

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

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

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

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

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

#### b) Revenue

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

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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

##### *Revenue calculation*

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

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

##### *Core banking products*

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

##### *Margin*

Margin is arrived at through the following calculation:

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

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

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

##### *Commission*

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

##### *Fee income*

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

##### *Discretionary financial contributions*

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

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

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.

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

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

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

###### Ability to change financial return

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

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

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

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

###### *Monitoring and changing financial return*

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

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

##### c) Income tax

###### *Current tax*

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

###### *Deferred tax*

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

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

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

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

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

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##### c) Income tax (continued)

###### *Deferred tax (continued)*

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

##### d) Employee entitlements

###### *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.

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

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

##### e) Cash and cash equivalents

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

##### f) Trade receivables and payables

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

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

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

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

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

- furniture and fittings	4 - 40	years
- buildings	40	years

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

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#### Note 2. Summary of significant accounting policies *(continued)*

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##### h) Intangibles

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

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

##### i) Payment terms

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

##### j) Borrowings

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

##### k) Financial instruments

###### *Recognition and initial measurement*

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

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

###### *Derecognition*

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

###### *Classification and subsequent measurement*

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

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

###### *(ii) Financial liabilities*

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

###### *Impairment*

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

##### l) Leases

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

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

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

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

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##### m) Provisions

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

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

##### n) Issues capital

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

##### o) Earnings per share

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

##### p) Goods and Services Tax

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

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

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

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#### Note 2. Financial risk management

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

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

##### (i) Market risk

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

##### (ii) Price risk

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

##### (iii) Credit risk

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



# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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#### (iv) Liquidity risk

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

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

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

#### (vi) Capital management

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

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

The distribution limit is the greater of:

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

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

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

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### Note 3. Critical accounting estimates and judgements

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

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

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

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

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

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

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##### *Taxation*

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

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

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

##### *Estimation of useful lives of assets*

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

##### *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.

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 4. Revenue from ordinary activities	2018	2017
	\$	\$
Operating activities:		
- gross margin	531,278	492,779
- services commissions	47,440	58,358
- fee income	54,564	62,015
- market development fund	35,000	35,000
Total revenue from operating activities	<u>668,282</u>	<u>648,152</u>
Non-operating activities:		
- interest received	5,996	5,641
- other revenue	637	-
Total revenue from non-operating activities	<u>6,633</u>	<u>5,641</u>
Total revenues from ordinary activities	<u><u>674,915</u></u>	<u><u>653,793</u></u>

Note 5. Expenses		
Depreciation of non-current assets:		
- buildings	7,484	9,165
- furniture and fittings	808	1,095
Amortisation of non-current assets:		
- franchise agreement	2,052	10,000
- renewal processing fee	11,092	-
	<u>21,436</u>	<u>20,260</u>
Finance costs:		
- interest paid	<u>11,080</u>	<u>12,210</u>
Bad debts	<u>113</u>	<u>415</u>

Note 6. Income tax expense		
The components of tax expense comprise:		
- Current tax	17,059	2,790
- Movement in deferred tax	(2,835)	(2,662)
- Recoupment of prior year tax losses	-	3,872
- Under/(Over) provision of tax in the prior period	4,482	(345)
	<u>18,706</u>	<u>3,655</u>

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

Operating profit	51,721	14,544
Prima facie tax on profit from ordinary activities at 27.5% (2017: 27.5%)	14,224	4,000
Add tax effect of:		
- timing difference expenses	2,835	2,662
	<u>17,059</u>	<u>6,662</u>

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 6. Income tax expense <i>(continued)</i>	2018	2017
	\$	\$
Movement in deferred tax	(2,835)	(2,662)
Under/(Over) provision of income tax in the prior year	4,482	(345)
	<u>18,706</u>	<u>3,655</u>

Note 7. Cash and cash equivalents		
Cash at bank and on hand	53,602	89,931
Term deposits	301,551	245,970
	<u>355,153</u>	<u>335,901</u>

Note 7.(a) Reconciliation to cash flow statement		
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:		
Cash at bank and on hand	53,602	89,931
Term deposits	301,551	245,970
	<u>355,153</u>	<u>335,901</u>

Note 8. Trade and other receivables		
Trade receivables	52,456	44,792
Prepayments	6,692	391
Other receivables and accruals	1,974	5,326
	<u>61,122</u>	<u>50,509</u>

Note 9. Property, plant and equipment		
<i>Land and buildings</i>		
Freehold land		
At cost	<u>219,352</u>	<u>219,352</u>
Buildings		
At cost	381,290	381,290
Less accumulated depreciation	(122,756)	(115,272)
	<u>258,534</u>	<u>266,018</u>
Furniture and fittings		
At cost	136,137	136,137
Less accumulated depreciation	(135,125)	(134,317)
	<u>1,012</u>	<u>1,820</u>
Total written down amount	<u>478,898</u>	<u>487,190</u>

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 9. Property, plant and equipment <i>(continued)</i>	2018	2017
	\$	\$
Movements in carrying amounts:		
Land		
Carrying amount at beginning	219,352	219,352
Carrying amount at end	<u>219,352</u>	<u>219,352</u>
Buildings		
Carrying amount at beginning	266,018	275,183
Less: depreciation expense	(7,484)	(9,165)
Carrying amount at end	<u>258,534</u>	<u>266,018</u>
Furniture and fittings		
Carrying amount at beginning	1,820	695
Additions	-	2,220
Less: depreciation expense	(808)	(1,095)
Carrying amount at end	<u>1,012</u>	<u>1,820</u>
Total written down amount	<u>478,898</u>	<u>487,190</u>

Note 10. Intangible assets		
Franchise fee		
At cost	61,192	50,000
Less: accumulated amortisation	(51,218)	(49,166)
	<u>9,974</u>	<u>834</u>
Renewal processing fee		
At cost	55,961	-
Less: accumulated amortisation	(11,092)	-
	<u>44,869</u>	<u>-</u>
Total written down amount	<u>54,843</u>	<u>834</u>

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 11. Tax	2018	2017
	\$	\$
Current:		
Income tax payable	<u>23,225</u>	<u>1,684</u>
Non-Current:		
Deferred tax assets		
- accruals	770	868
- employee provisions	<u>14,543</u>	<u>12,532</u>
	<u>15,313</u>	<u>13,400</u>
Deferred tax liability		
- accruals	<u>543</u>	<u>1,465</u>
	<u>543</u>	<u>1,465</u>
Net deferred tax asset	<u>14,770</u>	<u>11,935</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(2,835)</u>	<u>865</u>
Note 12. Trade and other payables		
Current:		
Other creditors and accruals	<u>45,694</u>	<u>29,135</u>
Non-Current:		
Other creditors and accruals	<u>43,414</u>	<u>-</u>
Note 13. Borrowings		
Current:		
Bank loans	<u>31,980</u>	<u>31,980</u>
Non-Current:		
Bank loans	<u>152,677</u>	<u>173,457</u>
Bank loans are repayable monthly with instalments of \$2,665. Interest is recognised at an average rate of 5.69% (2017: 5.69%). The loans are secured by a fixed and floating charge over the company's assets.		

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

#### Note 14. Provisions

##### Current:

Provision for annual leave	30,305	28,216
Provision for long service leave	11,518	10,727
	<u>41,823</u>	<u>38,943</u>

##### Non-Current:

Provision for long service leave	<u>11,060</u>	<u>6,627</u>
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#### Note 15. Issued capital

	2018	2017
	\$	\$
452,909 ordinary shares fully paid (2017: 452,909)	452,909	452,909
Less: equity raising expenses	(92,382)	(92,382)
	<u>360,527</u>	<u>360,527</u>

#### Rights attached to shares

##### (a) Voting rights

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

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

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

##### (b) Dividends

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

##### (c) Transfer

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

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

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

#### Note 15. Issued capital (continued)

##### Prohibited shareholding interest

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

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

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

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

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

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

Note 16. Retained earnings	2018	2017
	\$	\$
Balance at the beginning of the financial year	244,016	233,127
Net profit from ordinary activities after income tax	33,015	10,889
Dividends provided for or paid	(22,645)	-
Balance at the end of the financial year	<u>254,386</u>	<u>244,016</u>

#### Note 17. Statement of cash flows

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

Profit from ordinary activities after income tax	33,015	10,889
Non cash items:		
- depreciation	8,292	10,260
- amortisation	13,144	10,000
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(10,613)	5,256
- (increase)/decrease in other assets	(2,835)	10,177
- increase/(decrease) in payables	7,662	1,774
- increase/(decrease) in provisions	7,313	13,269
- increase(decrease) in tax liabilities	21,541	1,684
Net cash flows provided by operating activities	<u>77,519</u>	<u>63,309</u>

Note 18. Auditor's remuneration	2018	2017
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# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

	\$	\$
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,400	4,200
- non audit services	1,830	1,805
	<u>6,230</u>	<u>6,005</u>

#### Note 19. Director and related party disclosures

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

Diane Robertson Smith  
 Joanne Allen  
 Lindsay Milton McNeil  
 Kenneth Charles Stevenson  
 Mark Duperouzel  
 Susan Marie Flynn  
 Clayton Scott Smith

No director or related entity has entered into a material contract with the company.

Directors Shareholdings	<u>2018</u>	<u>2017</u>
Diane Robertson Smith	-	-
Joanne Allen	2,000	2,000
Lindsay Milton McNeil	6,001	6,001
Kenneth Charles Stevenson	-	-
Mark Duperouzel	-	-
Susan Marie Flynn	-	-
Clayton Scott Smith	-	-

There was movement in directors shareholdings during the year.

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

Note 20. Dividends provided for or paid	2018	2017
	\$	\$
<i>a. Dividends provided for or paid</i>		
Current year dividend		
100% (2017: Nil) franked dividend 5 cents (2017: Nil) per share	<u>22,645</u>	<u>-</u>
The tax rate at which dividends have been franked is 27.5% (2017: 27.5%).		
<i>b. Franking account balance</i>		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	149,855	152,279
- franking credits that will arise from payment of income tax as at the end of the financial year	23,225	1,684
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	<u>-</u>	<u>-</u>
Franking credits available for future financial reporting periods:	173,080	153,963
- 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	<u>-</u>	<u>-</u>
Net franking credits available	<u>173,080</u>	<u>153,963</u>

#### Note 21. Key management personnel disclosures

The directors received remuneration including superannuation, as follows:

Diane Robertson Smith	550	550
Joanne Allen*	8,950	8,723
Lindsay Milton McNeil	550	550
Kenneth Charles Stevenson	-	-
Mark Duperouzel	550	-
Susan Marie Flynn	-	-
Clayton Scott Smith	-	-
	<u>10,600</u>	<u>9,823</u>

These fees are paid not in relation to performance of the company, but attendance and contribution to the meetings and the business of the company, as appropriate.

\* Joanne Allen received remunerations for fulfilling Company Secretarial duties.

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

### for the year ended 30 June 2018

#### Note 22. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	33,015	10,889
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	452,909	452,909

#### Note 23. Community Enterprise Foundation

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

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

	2018	2017
	\$	\$
Opening balance	37,482	26,335
Contributions	12,579	13,091
Grants paid	(15,500)	(2,000)
Interest	687	511
Management fees	(1,579)	(455)
Balance available for distribution	<u>33,669</u>	<u>37,482</u>

#### 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. Segment reporting

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

#### Note 27. 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  
114 Avon Terrace  
York WA 6302

Principal Place of Business  
114 Avon Terrace  
York WA 6302

# York & Districts Community Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 28. Financial instruments

#### Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	53,526	89,855	301,551	245,970	-	-	-	-	76	76	1.69	2.01
Receivables	-	-	-	-	-	-	-	-	52,456	44,792	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	31,980	31,980	152,677	173,457	-	-	-	-	5.70	3.17

#### Net Fair Values

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

#### Credit Risk

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

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

#### Interest Rate Risk

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

#### Sensitivity Analysis

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

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

	2018	2017
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	1,704	1,304
Decrease in interest rate by 1%	(1,704)	(1,304)
Change in equity		
Increase in interest rate by 1%	1,704	1,304
Decrease in interest rate by 1%	(1,704)	(1,304)



(Photo: Branch Manager, Graham Edmonds, presents the York & Districts Community Bank Award to 2018 Dux of the Charles Sturt University Bachelor of Agricultural Business Management Lorretta Adams from Beverley at the graduation presentation at Muresk.)

**York & Districts Community Bank® Branch**

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**Franchisee: York & Districts Community Financial Services Ltd**

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ABN 85 099 104 079

**Bendigo & Adelaide Bank Limited**

Bendigo Centre, PO Box 480, Bendigo, VIC 3550

ABN 11 068 049 178

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