

Bunyip & District Community Enterprises Limited

ABN 42 124 125 515



2019 Annual Report



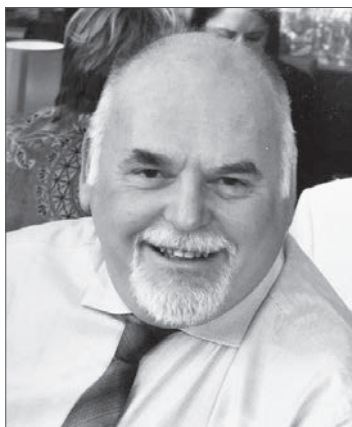
Bunyip & District Community Bank Branch

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Chairman's report

For year ending 30 June 2019



Having been appointed Chair of the Bunyip & District Community Bank Branch Board in March 2019, it will be my endeavour to grow the Bunyip & District Community Bank Branch business and customer base with the ongoing support of shareholders, Board Directors, Bendigo and Adelaide Bank Limited resources and most importantly our branch staff and customers.

This year has been a most challenging time with very low interest rates and low margins, requiring a strong focus on keeping costs in check and striving for increased customer activity.

That said, our branch has continued to contribute to the community covering Nar Nar Goon, Maryknoll, Tynong, Tynong North, Garfield, Garfield North, Iona, Vervale, Bunyip, Bunyip North and Tonimbuk with Community investments through:

- Community Investments Program (Grants) – \$55,274
- Sponsorship (advertising & promotions) – \$20,756
- Youth Development (Scholarships & workshops) – \$8,394.

This is a grand total of \$84,424 compared to the previous year of \$62,827.

In addition our company paid a dividend of 3 cents a share to our shareholders amounting to \$20,250.

The dividends paid and investments in our community are from the branch profits made through the year.

Branch staff update

Nicole Morris, our new Branch Manager, has been with us for 12 months and is now well versed in the Community Bank model. Our well-known staff member Jenny Cooper decided, after six years at Bunyip, to embrace some work life balance and return to Neerim & District Community Bank Branch in a part-time role. The Board decided to upgrade the vacant position to a Customer Relationship Officer. After some strong advertising and a detailed selection process we appointed Kat Gourley from Heyfield & District Community Bank Branch, who has a strong background in Community Bank practices and healthy experience in Lending.

Director update

Our new Board, which is made up of volunteer Directors, was elected in March 2019, under the supervision of the Bendigo Gippsland Regional Manager. The Board comprises Marg Bogart as Vice Chair, Jim Fitzpatrick as Treasurer/ Company Secretary along with fellow Directors Alan Cole, Chris Kelly, Vanessa Kent, Neil Matthews, Shae Ford and Leanne James. We also welcomed Erin Polson as Board Administrator replacing Sean Walsh who provided Administration support to the Board over the last seven years.

During the year, Marg Bardon (who until that point was Chair) and Tony Ross resigned as Directors. I would like to take this opportunity to thank Marg for her tireless support and effort from the very first days in the initial Steering Committee, to recent years as Chairperson. Our thanks also go to Tony Ross for his service as a Director and in particular his passion in supporting youth development.

Unfortunately, after a few months our Vice Chair Marg Bogart tendered her resignation due to work commitments. A big thank you to Marg for helping us to refine some of our Board processes. We are yet to appoint a replacement Vice Chair.

Chairman's report (continued)

Fortunately, we have acquired two new volunteer Directors, namely Steve Green and Chris Rieniets both from Garfield and look forward to their contribution.

We have also received advice from Alan Cole that he will not stand for re-election as a Director at this year's AGM. Alan was a founding Director of the Company and a driving force in its establishment. He also served as Company Secretary for the first five years of our operation. We wish Alan all the very best.

Business update

The end of the fiscal year closes out the 2018/19 budget. We are happy to advise that our profit before tax and charitable donations was above budget, in what is a very challenging market with reducing margins.

We continue to work closely with our partner, Bendigo and Adelaide Bank Limited central and regional support teams, on ways to improve the customer experience.

We have initiated increased engagement of the regional mobile lenders, started to run small business info sessions, set up a Director ambassador program with clubs/groups, actively engaging with PGA's, all local newsletters and increased focus on business, groups and clubs referral programs within our catchment.

We have tapped into Bendigo Bank Marketing Central Programs and are working on enhancing the new branch website and issuing very frequent Social Media bulletins/updates. Training and Community Bank workshops continue with Directors, Board Administrator and staff on new Social media guidelines.

We encourage you to share our updates and increase community awareness of our branch.

A key initiative is to improve the communications to our 279 shareholders. We ask you to update your email address contact details with the branch staff and to allow improved communication on the latest branch programs and Board updates, including our refreshed quarterly newsletter and help us to reduce the cost of communicating with you.

As shareholders, I put the challenge to you to be ambassadors for our branch and take the time to help us grow the business, which ultimately benefits the community with a greater pool of funds to distribute to community groups and projects.

Nicole Morris and the branch team (Anne, Kat, Meagan and Nic) are ready to action your referrals. I ask that you make yourself known to one of the branch team.

Our challenge remains educating our communities on the Community Bank model, and on that note I encourage all of you to help spread our story as we still find that many people don't understand that profits generated through Bunyip & District Community Bank Branch are managed and distributed by the local Board of volunteer Directors.

The more business that goes through our branch the more we can contribute back to the many community and local clubs and groups in our towns.



Barry Crees
Chairman

Manager's report

For year ending 30 June 2019



It is with great pleasure that I present my report as Branch Manager for the year ending 30 June 2019 on behalf of Bunyip & District Community Bank Branch. I have thoroughly enjoyed my first full year – it has been a delight to get to know many of our customers a little better and to work with the branch team and Board of Directors, and it is clear our integration with our local community is what sets us apart and motivates us. I believe that many people still underestimate the range of competitive and sophisticated financial products and services we offer. Bendigo Bank is Australia's fifth largest bank and offers a real alternative to the big four banks, it is an organisation we are proud to be a partner of and the community purpose is our driving factor. This year, we have worked hard to continue to drive business growth, excellence in customer service and building new and existing relationships with our key stakeholder organisations.

Community contributions

Across the last 12 months the Bunyip & District Community Bank Branch has continued to support our local community through our ongoing Grants program, our Sponsorship program, our Scholarship program and the Magic Moments program. Many local organisations and individuals receive the benefit from these programs; seeing the contribution we make back to our community keeps us as a team at the branch striving to see the funds we have available to give back growing on a regular basis and it's definitely exciting to see the total growing with each year.

To date we have given over \$550,000 back to our community and it is with thanks to our customers and shareholders that we are able to do this.

Our business

This year we have seen a positive movement in the overall business holdings of the branch and to the customers that have chosen to trust us with their banking we say thank you. Now is not the time to sit back and relax however as we need to continue to build and grow our business. With the current interest rate environment, our profit margins are being squeezed and our income flow has the potential to be impacted. We are proactively seeking to grow our business holdings and if you as a shareholder are not currently supporting us with your banking, now would be a great time to make a change. Why not come into the branch and sit with one of the team to review how we can assist you in transitioning your banking across to support your local community. Each new customer relationship provides us with the opportunity to grow our business and as a shareholder we would love your help in growing our business, you can provide an introduction to the community groups that you are actively involved in, this in turn gives us more money to give back through community contributions and to pay as dividends.

Highlights of the year

There have been so many highlights this year. The Bunyip Complex fire saw our amazing communities pull together with the different support activities that occurred across our towns. Blaze Aid rolled into town and our communities kicked into supporting this and associated activities with gusto. The sea of red at the Nar Nar Goon Recreation Reserve was a sight to behold and I'm sure had many people (especially the smaller members of our community) staring in wonderment. It was an absolute delight to meet Mackenzie who was awarded our scholarship for this year – she is an incredible young lady and we are proud to be able to support her in her university studies. We have again sent two future leaders off to the Magic Moments program – Tyson and Gabby were selected to participate in this event and the feedback has been that they had an incredible time. Their families are proud and amazed at the personal growth that they have come back with, we are certain that we will definitely see them play an active role in our district in years to come.

Manager's report (continued)

Our branch

It has been our absolute pleasure to have participated in several community initiatives throughout the year that have seen us become a collection point for different community organisations. We are an ongoing collection point for plastic bottle caps which are recycled into making artificial limbs as part of the Envision Hands project. In the lead up to Christmas we were a local collection point for Bunyip CFA Santa Gifts; the community generosity blew us away as we collected bags filled with personal items as part of the Share the Dignity Project and community generosity was astounding as articles flowed into the branch for the Drought Angels Project. We discovered how chilly the mornings can be when we participated in the Walk to School program and were up with the cows for the Tee Up for Kids Charity Golf Day.

Our staff

This year has been a period of re-settling as the team got back into the rhythm of having a Manager in the branch. Jenny Cooper took the opportunity to transfer to a part-time position at Neerim & District Community Bank Branch. We miss her smile and her laughter in the branch but the work life balance was an opportunity to not pass up. We have since welcomed Kat Gourley to the team who has transferred to us from Heyfield & District Community Bank Branch. Kat has nine years experience with the Bendigo Bank and commenced with Bunyip Branch on Monday 17 June 2019. We now have both Anne and Kat that can sit down with you to discuss your banking needs, while Megan and Nic continue to meet the transactional needs of our customers. I am very lucky to lead this team of ladies who are so passionate about the work we do each day and how we support the community that we serve. We would like to thank Jenny for her service to the Bunyip and District community over the years she has been with us and a big welcome to the team for Kat. For you our shareholders, why not pop in and say hello and introduce yourself to the team at the branch, we would love to meet you all in person.

Our future

As mentioned, in the current interest rate environment we need to continue to focus on building our business. As shareholders you were an integral part of getting the branch established in the first place and our customers have allowed this to continue. Your personal banking or your community connections that lead to new customers will directly allow us to fulfil our community purpose. Without our customers we would not be able to have funds available to give back through our Grants, Sponsorship, Scholarship or Magic Moments Programs or indeed have funds available to pay dividends to you our shareholders. If you don't currently hold your banking with Bunyip & District Community Bank Branch, or if you bank with Bendigo Bank but don't see our branch phone number on your statement then why not pop into the branch or give us a call (5629 6091), we would love to sit down with you over a cuppa (or are more than happy to come to you) to discuss how you can support your local community by supporting our local small business.



Nicole Morris
Branch Manager

Directors' report

For the financial year ended 30 June 2019

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

Directors

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

Barry Kenneth Crees

Chairperson

Occupation: Retired from full time work. Part time Logistics - Warehousing Consultant & Beef Farmer

Qualifications, experience and expertise: Retired as at November 2015 after 36 years in Australian and New Zealand Automotive Industry Aftermarket. In summary, started from a base of Industrial Engineering, working through key positions in Safety Engagement and Deployment, Audit Compliance, Supply Chain, Warehousing, Logistics, Packaging, Industrial Relations, QA, IT Projects (Main frame, WMS & SAP), Prep and Execution of Operating and Logistics Budgets and numerous International Projects. For over a decade successfully lead and managed Aftermarket Operations and Logistics to 'best in class' on Global benchmarks. Now enjoying working on community projects such as Director & Chairperson of Local Community Bank Board, Part time Logistics - Warehousing Consulting, numerous projects, hobbies and 'life on the land' as a successful Gippsland Beef farmer. Special responsibilities: Chairperson of Board, member of Marketing - Sponsorship, Property & Asset and HR Sub-Committees

Interest in shares: Nil

Margaret Anne Bogart

Vice Chairperson (Appointed 15 October 2018)

Occupation: Executive Manager Operations, Gippsland Primary Health Network

Qualifications, experience and expertise: Married and living in Garfield for over 30 years, Marg brings to the Director role many years' experience managing primary health care programs and projects reinforced from a Diploma of Business Management, qualifications as a Registered Nurse and other professional development certifications supporting leadership, systems improvement and performance management. Marg has strong facilitation and negotiation skills through a positive and constructive communication style. She has established sound relationships with local key stakeholders; she is familiar with numerous local people and organisations. Marg is experienced in managing complex projects that rely on expertise to engage and partner with local and state government departments and community organisations to achieve successful outcomes. Marg uses her professional skills and attributes to support her local community. As the recently outgoing chairperson of the Garfield Recreation Reserve Committee of Management and Life Member of the Garfield Netball Club, she has collaborated with Local and State Government securing grants to upgrade the football, netball and tennis facilities and amenities.

Special responsibilities: Vice Chairperson and Member of Marketing Committee

Interest in shares: Nil

James Joseph Fitzpatrick

Treasurer, Secretary

Occupation: Retired

Qualifications, experience and expertise: Bachelor of Science, over 30 years experience managing and advising the operators of medium and large employer sponsored superannuation funds.

Special responsibilities: Secretary & Treasurer.

Interest in shares: 5,001

Directors' report (continued)

Directors (continued)

Alan Ernest Cole OAM

Director

Occupation: Former Company Director

Qualifications, experience and expertise: 30 years Public service and 20 years as Community Office Bearer. Current Director/Secretary of Agpath P/L. Secretary of Board of Hillview Aged Care.

Special responsibilities: Property Management Committee.

Interest in shares: 2,501

Christine Anne Kelly

Director

Occupation: Accounting / Farming

Qualifications, experience and expertise: Bachelor of Business (Acc) Monash. Over 25 years experience in Management & Cost Accounting. 11 Years Alpaca Husbandry. President & Treasurer Bunyip Hall Committee: Director Hillview Aged Care; President of 3815 Inc.; Vice President of Victorian Eastern Region of Australian Alpaca Association; President / Treasurer Bunyip & District Carols by Candlelight; Co-Ordinator of Bunyip & District Australia Day Celebrations; Member of Bunyip Singers, Bunyip Agricultural Society, Bunyip Historical Society & Bunyip RSL.

Special responsibilities: Finance & Audit Committee, Sponsorship Committee, HR Committee.

Interest in shares: 8,001

Vanessa Clare Kent

Director

Occupation: Customer Information Officer (Baw Baw Shire Council)

Qualifications, experience and expertise: Vanessa has over 30 years' experience in the financial services industry, primarily in the insurance claims and loss adjusting arena where she held a variety of senior technical, operational business development, managerial and board positions in both the UK and Australia. A career change in 2015 has enabled Vanessa to become actively involved in the local community and is Secretary of Bunyip Tennis Club and the WGTA Ladies Tennis Competition.

Special responsibilities: Marketing Committee

Interest in shares: Nil

Neil Michael Matthews

Director (Appointed 4 October 2018)

Occupation: Company Director

Qualifications, experience and expertise: I have a current 20 year plus position as Executive Finance Director of a health information company run by myself and my wife, Louise. A cabinet maker by trade, reskilled many years ago and I am accredited in aged care and health information documentation. Have extensive experience in ISO accreditation and documentation security. I have held many committee positions over the years, not only in local community groups but also in the classic car movement which I have an interest both locally and internationally as a chief judge. My wife and I are Maryknoll residents of 16 years and I am currently the President of the Maryknoll Progress Association, Member of the Father Pooley Memorial Hall Committee in Maryknoll and also a Back Creek Landcare Group member. I have a strong commitment to supporting the local community in Maryknoll.

Special responsibilities: Nil

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Shae Ardell Ford

Director (Appointed 4 October 2018)

Occupation: Marketing and Graphic Design Specialist

Qualifications, experience and expertise: Shae has a background of more than 20 years' experience in marketing, design and project management within various industries including Investment Banking, Market Research, Publishing, Media, Non-Profit, Exhibitions and Trade Fairs, Education, Retail, Wholesale, and Finance; both in Australia and the UK. Shae has extensive experience in market research and data analysis (both qualitative and quantitative), and has proven ability in developing and communicating marketing strategies. In July 2012 after 5 years working in London, Shae returned to Melbourne with her South African partner and started a marketing and design company, 'SAF Creative Design', and now operates her business alongside her various community volunteer work since moving to Bunyip in 2013. She was Editor of the Bunyip & District Community Newsletter since July 2016, resigning in April 2019. Shae is a current member of the Pakenham Pony Rescue Organisation and Bunyip & District Community House since May 2019. Shae is dedicated to helping create a vibrant community and ensuring it continues to flourish for all residents.

Special responsibilities: Member of the Marketing & Business Development Subcommittee

Interest in shares: Nil

Leanne Maree James

Director (Appointed 7 November 2018)

Occupation: Accountant CPA

Qualifications, experience and expertise: Bachelor of Business - Accounting, Certified Practising Accountant. Currently run my own business "Target Measure Grow" that provides CFO and Management Accounting Services to small and medium sized companies to help them understand their numbers, improve cashflow and help their business grow. Prior to that had been an accountant for over 25 years for Corporates to small business. I have a young family, currently part of the St James Playgroup and will be involved with kindergarten, Schools and Sporting clubs over the coming years.

Special responsibilities: Member on the Finance & Audit Committee

Interest in shares: Nil

Margaret Ann Bardon

Director (Resigned 18 March 2019)

Occupation: Retired

Qualifications, experience and expertise: Qualified Primary School Teacher, Adult Training Manager for two years, Business owner and operator for 14 years, Director Bardon Hotel Group, Board of Hillview Aged Care, responsible for administration/bookkeeping, payroll of former business.

Special responsibilities: Member of Finance & Audit Committee, Human Resources Committee, Marketing Committee

Interest in shares: 2,001

Anthony Bruce Ross

Director (Resigned 1 February 2019)

Occupation: Advisor

Qualifications, experience and expertise: Member of State Schools Relief Executive. Bunyip Cemetery Trust Board. Pakenham Living and Learning Vice President. Advisor - Philippines Bangladesh Educational Settings.

Special responsibilities: Finance / Risk / Remuneration Committees

Interest in shares: 2,000

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

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

Directors' report (continued)

Company Secretary

The company secretary is James Fitzpatrick. James was appointed to the position of secretary on 31 October 2012. James' qualifications and experience include a Bachelor of Science and over 30 years experience working in the financial services industry.

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 2019 \$	Year ended 30 June 2018 \$
10,571	31,084

Dividends

	Year ended 30 June 2019	
	Cents	\$
Dividends paid in the year	3	20,250

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.

Directors' report (continued)

Indemnification and insurance of directors and officers

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

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

Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended			
			Finance & Audit		Marketing	
	A	B	A	B	A	B
Barry Kenneth Crees	10	9	-	-	5	3
Margaret Anne Bogart (Appointed 15 October 2018)	7	6	-	-	4	-
James Joseph Fitzpatrick	10	10	3	3	-	-
Alan Ernest Cole OAM	10	9	-	-	-	-
Christine Anne Kelly	10	8	3	1	5	3
Vanessa Clare Kent	10	9	-	-	5	5
Neil Michael Matthews (Appointed 4 October 2018)	7	2	-	-	5	1
Shae Ardell Ford (Appointed 4 October 2018)	7	3	-	-	5	4
Leanne Maree James (Appointed 7 November 2018)	7	6	3	3	4	4
Margaret Ann Bardon (Resigned 18 March 2019)	5	2	-	-	3	1
Anthony Bruce Ross (Resigned 1 February 2019)	4	3	-	-	3	2

A - eligible to attend
B - number attended

Proceedings on behalf of the company

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

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

Non audit services

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

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

Directors' report (continued)

Non audit services (continued)

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

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

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 12.

Signed in accordance with a resolution of the board of directors at Bunyip, Victoria on 28 August 2019.



Barry Kenneth Crees
Chairperson

Auditor's independence declaration



Chartered Accountants

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

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

As lead auditor for the audit of Bunyip & District Community Enterprises Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 28 August 2019

Joshua Griffin
Lead Auditor

Financial statements

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

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	644,228	640,667
Employee benefits expense		(348,639)	(311,324)
Charitable donations, sponsorship, advertising and promotion		(97,717)	(96,019)
Occupancy and associated costs		(49,318)	(50,713)
Systems costs		(20,578)	(21,969)
Depreciation and amortisation expense	5	(23,030)	(23,661)
General administration expenses		(90,366)	(94,107)
Profit before income tax expense		14,580	42,874
Income tax expense	6	(4,009)	(11,790)
Profit after income tax expense		10,571	31,084
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		10,571	31,084
Earnings per share		¢	¢
Basic earnings per share	21	1.57	4.60

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2019

	Notes	2019 \$	2018 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	255,449	255,792
Trade and other receivables	8	19,244	37,194
Current tax asset	11	5,458	-
Total current assets		280,151	292,986
Non-current assets			
Property, plant and equipment	9	168,277	178,085
Intangible assets	10	39,667	52,888
Deferred tax asset	11	680	583
Total non-current assets		208,624	231,556
Total assets		488,775	524,542
LIABILITIES			
Current liabilities			
Trade and other payables	12	28,072	34,768
Current tax liabilities	11	-	3,941
Total current liabilities		28,072	38,709
Non-current liabilities			
Trade and other payables	12	30,904	46,355
Total non-current liabilities		30,904	46,355
Total liabilities		58,976	85,064
Net assets		429,799	439,478
EQUITY			
Issued capital	13	656,044	656,044
Accumulated losses	14	(226,245)	(216,566)
Total equity		429,799	439,478

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2017		656,044	(227,400)	428,644
Total comprehensive income for the year		-	31,084	31,084
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	19	-	(20,250)	(20,250)
Balance at 30 June 2018		656,044	(216,566)	439,478
Balance at 1 July 2018		656,044	(216,566)	439,478
Total comprehensive income for the year		-	10,571	10,571
Transactions with owners in their capacity as owners:				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	19	-	(20,250)	(20,250)
Balance at 30 June 2019		656,044	(226,245)	429,799

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Cash flows from operating activities			
Receipts from customers		724,534	689,085
Payments to suppliers and employees		(681,252)	(631,554)
Interest received		4,177	3,538
Income taxes paid		(13,505)	(13,390)
Net cash provided by operating activities	15	33,954	47,679
Cash flows from investing activities			
Payments for property, plant and equipment		-	(5,317)
Payments for intangible assets		(14,047)	(14,047)
Net cash used in investing activities		(14,047)	(19,364)
Cash flows from financing activities			
Dividends paid	19	(20,250)	(20,250)
Net cash used in financing activities		(20,250)	(20,250)
Net increase/(decrease) in cash held		(343)	8,065
Cash and cash equivalents at the beginning of the financial year		255,792	247,727
Cash and cash equivalents at the end of the financial year	7(a)	255,449	255,792

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2019

Note 1. Summary of significant accounting policies

a) Basis of preparation

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

AASB 15 Revenue from Contracts with Customers

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Application of new and amended accounting standards (continued)

AASB 9 Financial Instruments

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

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

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

The company has elected not to apply any accounting standards or interpretations before their mandatory operative date for the annual reporting period beginning 1 July 2018. These future accounting standards and interpretations therefore have no impact on amounts recognised in the current period or any prior period.

AASB 16 Leases

Only AASB 16, effective for the annual reporting period beginning on or after 1 January 2019 is likely to impact the company. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

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

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

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

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

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

Based on the information currently available, the company estimates that it will recognise additional lease liabilities and new right-of-use assets of \$85,100.

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 Bunyip, Victoria.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank" and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the Community Bank branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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 in relation to:

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

Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Core banking products

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

Margin

Margin is arrived at through the following calculation:

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

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

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

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

Commission

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

Fee income

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

Discretionary financial contributions

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

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

Ability to change financial return

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

b) Revenue (continued)

Ability to change financial return (continued)

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

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

Monitoring and changing financial return

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

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

c) Income tax

Current tax

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

Deferred tax

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

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

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

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.

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

c) Income tax (continued)

Current and deferred tax for the period

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

d) Employee entitlements

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

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

e) Cash and cash equivalents

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

f) Trade receivables and payables

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

g) Property, plant and equipment

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

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

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

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

h) Intangibles

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

i) Payment terms

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

j) Borrowings

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

k) Financial instruments

Recognition and initial measurement

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

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

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

Classification and subsequent measurement

(i) Financial liabilities

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

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

(ii) Financial assets

Financial assets are subsequently measured at:

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

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

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

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Classification and subsequent measurement (continued)

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

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

Derecognition

(i) Derecognition of financial liabilities

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

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

(ii) Derecognition of financial assets

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

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

Impairment

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

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

Loss allowance is not recognised for:

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

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

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

This approach is applicable to:

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

k) Financial instruments (continued)

Impairment (continued)

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

Recognition of expected credit losses in financial statements

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

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

l) Leases

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

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

m) Provisions

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

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

n) Issued capital

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

o) Earnings per share

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

p) Goods and Services Tax

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

Notes to the financial statements (continued)

Note 1. Summary of significant accounting policies (continued)

p) Goods and Services Tax (continued)

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.

Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history.

Expected credit loss assessment for Bendigo and Adelaide Bank Limited

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

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

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

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

Expected credit loss assessment for other customers

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

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

Expected credit loss assessment for other customers (continued)

(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 2019 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

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.

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- gross margin	518,143	507,630
- services commissions	40,383	41,721
- fee income	46,877	53,560
- market development fund	35,000	35,000
Total revenue from operating activities	640,403	637,911
Non-operating activities:		
- interest received	3,825	2,756
Total revenue from non-operating activities	3,825	2,756
Total revenues from ordinary activities	644,228	640,667

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	795	228
- leasehold improvements	5,414	5,415
- motor vehicle	3,599	4,796
Amortisation of non-current assets:		
- franchise fee	2,203	2,203
- renewal processing fee	11,019	11,019
	23,030	23,661
Bad debts	314	385

Note 6. Income tax expense

The components of tax expense comprise:

- Current tax	4,106	12,033
- Movement in deferred tax	(97)	(243)
	4,009	11,790

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 6. Income tax expense (continued)		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	14,580	42,874
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	4,009	11,790
Add tax effect of:		
- timing difference expenses	97	243
	4,106	12,033
Movement in deferred tax	(97)	(243)
	4,009	11,790

Note 7. Cash and cash equivalents

Cash at bank and on hand	92,164	96,524
Term deposits	163,285	159,268
	255,449	255,792

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	92,164	96,524
Term deposits	163,285	159,268
	255,449	255,792

Note 8. Trade and other receivables

Trade receivables	9,205	31,431
Prepayments	5,312	5,082
Other receivables and accruals	4,727	681
	19,244	37,194

Note 9. Property, plant and equipment

Leasehold improvements		
At cost	216,603	216,603
Less accumulated depreciation	(63,627)	(58,213)
	152,976	158,390

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 9. Property, plant and equipment (continued)		
Plant and equipment		
At cost	8,144	8,144
Less accumulated depreciation	(3,636)	(2,841)
	4,508	5,303
Motor vehicles		
At cost	35,172	35,172
Less accumulated depreciation	(24,379)	(20,780)
	10,793	14,392
Total written down amount	168,277	178,085
Movements in carrying amounts:		
Leasehold improvements		
Carrying amount at beginning	158,390	163,805
Less: depreciation expense	(5,414)	(5,415)
Carrying amount at end	152,976	158,390
Plant and equipment		
Carrying amount at beginning	5,303	214
Additions	-	5,317
Less: depreciation expense	(795)	(228)
Carrying amount at end	4,508	5,303
Motor vehicles		
Carrying amount at beginning	14,392	19,188
Less: depreciation expense	(3,599)	(4,796)
Carrying amount at end	10,793	14,392
Total written down amount	168,277	178,085

Note 10. Intangible assets

Franchise fee and franchise renewal fee		
At cost	90,239	90,239
Less: accumulated amortisation	(83,628)	(81,425)
Total written down amount	6,611	8,814

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 10. Intangible assets (continued)		
Renewal processing fee		
At cost	55,093	55,093
Less: accumulated amortisation	(22,037)	(11,019)
	33,056	44,074
Total written down amount	39,667	52,888

Note 11. Tax

Current:

Income tax payable/(refundable)	(5,458)	3,941
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Non-current:

Deferred tax assets		
- accruals	770	770
	770	770

Deferred tax liability		
- accruals	90	187
	90	187

Net deferred tax asset	680	583
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Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	(97)	311
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Note 12. Trade and other payables

Current:

Trade creditors	6,209	4,118
Other creditors and accruals	21,863	30,650
	28,072	34,768

Non-current:

Trade creditors	30,904	46,355
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Note 13. Issued capital

675,009 ordinary shares fully paid (2018: 675,009)	675,009	675,009
Less: equity raising expenses	(18,965)	(18,965)
	656,044	656,044

Notes to the financial statements (continued)

Note 13. Issued capital (continued)

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if 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.

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 14. Accumulated losses		
Balance at the beginning of the financial year	(216,566)	(227,400)
Net profit from ordinary activities after income tax	10,571	31,084
Dividends provided for or paid	(20,250)	(20,250)
Balance at the end of the financial year	(226,245)	(216,566)

Note 15. 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	10,571	31,084
Non cash items:		
- depreciation	9,808	10,439
- amortisation	13,222	13,222
Changes in assets and liabilities:		
- (increase)/decrease in receivables	17,950	(14,222)
- (increase)/decrease in other assets	(5,555)	(243)
- increase/(decrease) in payables	(8,101)	8,756
- increase/(decrease) in current tax liabilities	(3,941)	(1,357)
Net cash flows provided by operating activities	33,954	47,679

Note 16. Leases

Operating lease commitments

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

Payable - minimum lease payments:

- not later than 12 months	27,600	27,600
- between 12 months and 5 years	57,500	85,100
- greater than 5 years	-	-
	85,100	112,700

The lease on the branch premises is a non-cancellable lease with a five-year term, with rent payable monthly in advance. Second lease option for a term of five years was exercised on 1 July 2017, ending on 30 June 2022.

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 17. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,600	4,400
- non audit services	1,400	1,400
	6,000	5,800

Note 18. Director and related party disclosures

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

Barry Kenneth Crees
 Margaret Anne Bogart (Appointed 15 October 2018)
 James Joseph Fitzpatrick
 Alan Ernest Cole OAM
 Christine Anne Kelly
 Vanessa Clare Kent
 Neil Michael Matthews (Appointed 4 October 2018)
 Shae Ardell Ford (Appointed 4 October 2018)
 Leanne Maree James (Appointed 7 November 2018)
 Margaret Ann Bardon (Resigned 18 March 2019)
 Anthony Bruce Ross (Resigned 1 February 2019)

No director or related entity has entered into a material contract with the company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors' Shareholdings	2019	2018
Barry Kenneth Crees	-	-
Margaret Anne Bogart (Appointed 15 October 2018)	-	-
James Joseph Fitzpatrick	5,001	5,001
Alan Ernest Cole OAM	2,501	2,501
Christine Anne Kelly	8,001	8,001
Vanessa Clare Kent	-	-
Neil Michael Matthews (Appointed 4 October 2018)	-	-
Shae Ardell Ford (Appointed 4 October 2018)	-	-
Leanne Maree James (Appointed 7 November 2018)	-	-
Margaret Ann Bardon (Resigned 18 March 2019)	2,001	2,001
Anthony Bruce Ross (Resigned 1 February 2019)	2,000	2,000

There was no movement in directors' shareholdings during the year.

Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 19. Dividends provided for or paid		
a. Dividends paid during the year		
Current year dividend		
100% (2018: nil) franked dividend - 3 cents (2018: 3 cents) per share	20,250	20,250
The tax rate at which dividends have been franked is 27.5% (2018: 27.5%).		
b. Franking account balance		
Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	20,706	13,312
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	(5,458)	5,964
Franking credits available for future financial reporting periods:	15,248	19,276
Net franking credits available	15,248	19,276

Note 20. Key management personnel disclosures

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

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

	2019 \$	2018 \$
Note 21. Earnings per share		
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	10,571	31,084
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share		
	Number	Number
	675,009	675,009

Note 22. 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 23. Contingent liabilities and contingent assets

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

Notes to the financial statements (continued)

Note 24. Segment reporting

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

Note 25. 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

5 High Street
Bunyip VIC 3815

Principal Place of Business

18 Main Street
Bunyip VIC 3815

Note 26. Financial instruments

Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 %	2018 %
Financial assets												
Cash and cash equivalents	92,164	96,524	163,285	159,268	-	-	-	-	-	-	1.28	1.00
Receivables	-	-	-	-	-	-	-	-	9,205	31,431	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	6,209	4,118	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Notes to the financial statements (continued)

Note 26. Financial instruments (continued)

Sensitivity Analysis

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

As at 30 June 2019, the effect on profit and equity as a result of changes in interest rate, with all other variables remaining constant would be as follows:

	2019 \$	2018 \$
Change in profit/(loss)		
Increase in interest rate by 1%	2,554	2,558
Decrease in interest rate by 1%	(2,554)	(2,558)
Change in equity		
Increase in interest rate by 1%	2,554	2,558
Decrease in interest rate by 1%	(2,554)	(2,558)

Directors' declaration

In accordance with a resolution of the directors of Bunyip & District Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Barry Kenneth Crees
Chairperson

Signed on the 28th of August 2019.

Independent audit report



Chartered Accountants

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

Independent auditor's report to the members of Bunyip & District Community Enterprises Limited

Report on the audit of the financial report

Our opinion

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

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

What we have audited

Bunyip & District Community Enterprises Limited's (the company) financial report comprises the:

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

Basis for opinion

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

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

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

Other information

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

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Independent audit report (continued)

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

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

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

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated: 28 August 2019



Joshua Griffin
Lead Auditor

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