Sponsorship presentation to Perth Soccer Club

North Perth Bowling & Rec Club and their new patio sponsored by the Bendigo North Perth Community Bank

The Bendigo North Perth Community Bank team at the first Perth Glory game of the season

Piggy with Primavera Meats butcher Basil Pintabona at the Mt. Hawthorn Hub Streets and Lanes Festival

North Perth Financial Services Pty Ltd
431 Fitzgerald Street, North Perth WA 6006
P: 08 9328 3955

For secretarial administration enquiries please contact:
marc@npcfs.com.au

For shareholders information please contact:
sandra@npcfs.com.au

Bendigo Bank
Bigger than a bank.

bendigobank.com.au

Piggy entertaining some young fans at the Mt. Hawthorn Hub Streets and Lanes Festival

Annual Report 2019

Bendigo North Perth Community Bank Branch

North Perth Community Financial Services Limited
ABN 85 094 412 932

BEN Report

CB Annual Report 2018/2019

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

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

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

And for that, we thank you. For the trust you've not only put in Bendigo and Adelaide Bank, but the faith you've put in your community and your **Community Bank®** company local board of directors.

Bendigo and Adelaide Bank continues to rank at the top of industry and banking and finance sector awards. We have awards for our customer service, we have award winning products and we have a customer base that of 1.7 million-plus that not only trusts us with their money, but which respects our 'difference'.

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

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

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

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

Mark Cunneen

Mark Cunneen
Head of Community Support
Bendigo and Adelaide Bank

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED

ABN: 85 094 412 932

FINANCIAL REPORT

FOR THE YEAR ENDED
30 JUNE 2019

NORTH PERTH COMMUNITY FINANCIAL SERVICES LIMITED
ABN: 85 094 412 932

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2019

CONTENTS

Directors' Report

For the financial year ended 30 June 2019

Your Directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2019.

The information on Directors who held office during or since the end of the year are:

Directors

The names of Directors in office at any time during or since the end of the year are:

Nicholas Catania

Position:	Chairperson
Occupation:	Business Consultant
Background Information:	Degree in Economics and Management. Former member of Parliament for a number of economic portfolios. Worked or lived in the North Perth area for more than 32 years. Former Mayor of the City of Vincent. Justice of the Peace and Former Chairman of Local Government Super Plan. Chairman of Hawksbridge Property.
Interest in shares and options:	1,500 shares

Ian Wesley Crawford

Position:	Non-Executive Director
Occupation:	Pharmacist
Background Information:	Pharmacist in North Perth for more than 35 years. Justice of the Peace.
Interest in shares and options:	5,000 shares

Sam Aldo De Vita

Position:	Non-Executive Director
Occupation:	Lawyer
Background Information:	Barrister and Solicitor of the Supreme Court of WA, High Court of Australia and Federal Court of Australia since 1993. He is a Director of De Vita Legal.
Interest in shares and options:	7,000 shares

James Peter De Leo

Position:	Non-Executive Director
Occupation:	Local Business Manager
Background Information:	Degree in Management and Business and Degree in Politics Science. Currently studying Masters of Strategic Affairs at the Australian National University Canberra. Marketing Manager of Pisconeri Wholesalers Pty Limited.
Interest in shares and options:	1,000 shares

James John Burns

Position:	Non-Executive Director
Occupation:	Real Estate Agent
Background Information:	Principal of J J Burns (Real Estate) in North Perth since 1974. Life member of Mt Lawley Society and founding member of the North Perth Society. Resident of the City of Vincent for over 35 years.
Interest in shares and options:	10,000 shares

Isidoro Messina

Position:	Non-Executive Director
Occupation:	Company Director
Background Information:	Isidoro Messina is a Company director of his family's business.
Interest in shares and options:	7,500 shares

Carlo Pennone

Position:	Non-Executive Director
Occupation:	Business Consultant and Volunteer
Background Information:	Consultant and volunteer who actively assists Italian pensioners with their associated pension paper work for both Italian and Australian entitled pensions. Recently became a Justice of the Peace.
Interest in shares and options:	2,700 shares

James Elder

Position:	Non-Executive Director
Occupation:	Company Director
Background Information:	Self – employed small business consultants operating predominately in the construction sector.
Interest in shares and options:	2,000 shares

Dean Franks

Position:	Non-Executive Director
Occupation:	Business Consultant
Background Information:	Dean Franks has over 20 years involvement in the franchise sector. This includes as the Franchisor of a national and international franchise system. He has over 10 years' experience in advising clients on franchise related matters.
Interest in shares and options:	-

Steed Farrell (Resigned 30/12/2018)

Position:	Non-Executive Director
Occupation:	PR Consultant
Background Information:	Steed Farrell is a senior consultant with public relations firm CGM Communications. Steed has extensive experience working in the field of external affairs and strategic communications, gained across a broad, cross – section of community, government, media and corporate environments.
Interest in shares and options:	-

Edward Parra

Position:	Non-Executive Director
Occupation:	Lawyer
Background Information:	Edward Parra has obtained a Bachelor of Laws and Master of Business Administration (MBA). An experienced commercial lawyer who understands the business landscape and can provide strategic legal advice. Currently practising law with an established boutique law firm.
Interest in shares and options:	-

Company Secretary

Ian Wesley Crawford

Directors meetings attended

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each Director during the year were as follows:

Names of Directors	Directors' Meetings	
	Number eligible to attend	Number attended
Nicholas Catania	11	11
Ian Wesley Crawford	11	10
James John Burns	11	11
James Peter De Leo	11	11
Sam De Vita	11	9
Isidoro Messina	11	7
Carlo Pennone	11	4
James Elder	11	10
Dean Franks	11	4
Steed Farrell (Resigned 30/12/2018)	5	0
Edward Parra	5	4

Principal Activities and Review of Operations

The principal activity and focus of the Company's operations during the year was the operation of two Branches of Bendigo and Adelaide Bank Limited, pursuant to their franchise agreements.

Financial Results

The profit after income tax expense of the Company for the year ended 30 June 2019 was $18,598 (2018: 10,819 Profit Restated).

Dividends

The Company declared dividends of $75,300 during the year (2018: $75,300).

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company during the year.

Likely Developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Significant Events after the Reporting Period

There were no events subsequent to the end of the financial year that would have a material effect on these financial statements.

Options

No options over issue shares or interests in the Company were granted to Directors or Executives during or since the end of the financial year and there were no options outstanding at the date of this report.

Indemnifying Officers or Auditor

Indemnities have been given, during and since the end of the financial year, for any persons who are or have been a Director or an officer, but not an auditor, of the Company. The insurance contract prohibits disclosure of any details of the cover.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Environmental Regulations

The Company's operations are not regulated by any significant environment regulation under a law of the Commonwealth, state or Territory.

Non-Audit Services

There were no non-audit services performed during the year by the auditors for the Company (or by another person or firm on the auditor's behalf).

Independence Declaration

The auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 6 of the financial report.

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

DIRECTOR

PERTH
DATED THIS 29 **DAY OF** October **2019.**

Directors' Declaration

The Directors of the Company declare that:

1. the accompanying financial statements and notes are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards; and

   b. give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company;

2. the Chief Executive Officer and Chairman of Corporate Governance and Audit Committee have each declared that:

   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b. the financial statements and notes for the financial year comply with the Accounting Standards; and
   c. the financial statements and notes for the financial year give a true and fair view; and

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

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

DIRECTOR

PERTH
DATED THIS 2 **DAY OF** October **2019.**

MACRI PARTNERS

Certified Practising Accountants

PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

Auditor's Independence Declaration
Under Section 307C of the Corporations Act 2001

To the Directors of North Perth Community Financial Services Limited

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

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

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

MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
SUITE 2, 137, BURSWOOD ROAD
BURSWOOD WA 6100

A MACRI
PARTNER

PERTH
DATED THIS 14 ~~30~~ **DAY OF OCTOBER 2019**

Suite 2, 137 Burswood Rd, Burswood WA 6100 PO Box 398, Victoria Park WA 6979 P (08) 9470 4848 F (08) 9470 4849 E mail@macripartners.com.au W macripartners.com.au

MACRI
PARTNERS

Certified Practising Accountants

PARTNERS
Anthony Macri FCPA
Domenic Macri CPA
Connie De Felice CA

Independent Auditor's Report

To the Members of North Perth Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

In our opinion:

a. the financial report of North Perth Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the company's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

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

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

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

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Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

MACRI PARTNERS
CERTIFIED PRACTISING ACCOUNTANTS
SUITE 2, 137, BURSWOOD ROAD
BURSWOOD WA 6100

A MACRI
PARTNER

PERTH
DATED THIS 30th **DAY OF OCTOBER 2019**

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 $	2018 Restated $
Revenue	2	1,163,408	1,284,708
Expenses			
Employee Benefits Expense		(389,325)	(479,295)
Depreciation and Amortisation Expense	3	(103,984)	(105,056)
Finance Costs		(2,464)	(3,111)
Loss on Market Value of Shares		(18,633)	-
Other Expenses		(625,119)	(690,902)
Profit before Income Tax		23,882	6,344
Income Tax Credit/(Expense)	4	(5,284)	4,475
Profit after Income Tax Expense		18,598	10,819
Other Comprehensive Income			
Fair value gains on available-for-sale financial assets, net of tax		-	-
Total Other Comprehensive Income for the Year		-	-
Total Comprehensive Income for the Year		18,598	10,819
Total Comprehensive Income Attributable to:			
Members of the Company		18,598	10,819
Earnings per Share			
From Overall Operations			
Basic Earnings per Share (cents per share)		4	2
Diluted Earnings per Share (cents per share)		4	2

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2019

	Note	2019 $	2018 Restated $	2017 $
ASSETS				
Current Assets				
Cash and cash equivalents	7	2,364,048	2,291,480	2,378,681
Trade and other receivables	8	85,595	110,007	115,095
Other assets	9	6,216	6,037	7,400
Financial assets	12	224,694	229,747	194,473
Total Current Assets		2,680,553	2,637,271	2,695,649
Non-Current Assets				
Plant and equipment	10	123,449	213,217	279,271
Intangible assets	11	31,082	45,298	59,514
Deferred tax assets	15	88,122	66,895	52,312
Current tax asset	15	-	12,391	-
Total Non-Current Assets		242,653	337,801	391,097
TOTAL ASSETS		2,923,206	2,975,072	3,086,746
LIABILITIES				
Current Liabilities				
Trade and other payables	13	152,744	138,477	148,772
Short-term provisions	14	48,602	48,248	54,293
Current tax liability	15	15,261	-	32,180
Borrowings	16	10,524	9,971	9,447
Total Current Liabilities		227,130	196,696	244,692
Non-Current Liability				
Trade and other payables	13	805	10,224	-
Long-term Provisions	14	2,099	7,742	7,127
Borrowings	16	10,971	21,506	31,543
Total Non-Current Liabilities		13,875	39,472	38,670
TOTAL LIABILITIES		241,005	236,168	283,362
NET ASSETS		2,682,201	2,738,904	2,803,384
EQUITY				
Issued capital	17	179,019	179,019	179,019
Retained earnings		2,503,182	2,559,885	2,624,365
TOTAL EQUITY		2,268,201	2,738,904	2,803,384

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 30 June 2019

	Note	Issued Ordinary Capital	Retained Earnings	Total
		$	$	$
Balance at 1 July 2017		179,019	2,624,365	2,803,384
Retrospective adjustment upon change in account policies (AASB 9)		-	-	-
Balance at 1 July 2017 (Restated)		179,019	2,624,365	2,803,384
Dividends paid or provided for		-	(75,300)	(75,300)
Return of capital		-	-	-
Profit/(Loss) attributable to the members of the company		-	12,785	12,785
Balance at 30 June 2018		179,019	2,561,850	2,740,869
Retrospective adjustment upon change in account policies (AASB 9)		-	(1,966)	(1,966)
Balance at 30 June 2018 (Restated)		179,019	2,559,884	2,738,903
Balance at 1 July 2018 (Restated)		179,019	2,559,884	2,738,903
Dividends paid or provided for		-	(75,300)	(75,300)
Return of capital		-	-	-
Profit/(Loss) attributable to the members of the company		-	18,598	18,598
Retrospective adjustment upon change in account policies (AASB 9)		-	-	-
Balance at 30 June 2019		179,019	2,503,182	2,682,201

The accompanying notes form part of these financial statements.

Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Receipts from customers		1,259,998	1,350,845
Payments to suppliers and employees		(1,091,189)	(1,235,814)
Income tax paid		1,141	(54,679)
Interest received		46,934	51,075
Dividends received		9,545	8,291
GST paid		(61,779)	(62,163)
Finance Costs		(2,230)	(2,877)
Net cash provided by operating activities	18	162,420	54,678
Cash flows from investing activities			
Purchase of plant and equipment		-	(24,786)
Purchase of shares		(64,860)	(167,798)
Sale of shares		52,446	133,956
Purchase of intangible assets		-	-
Net cash used in investing activities		(12,414)	(58,628)
Cash flows from financing activities			
Dividends paid		(67,306)	(73,638)
Repayment of borrowings		(9,982)	(9,513)
Return of capital		(150)	(100)
Net cash used in financing activities		(77,438)	(83,251)
Net increase in cash held		72,568	(87,201)
Cash and cash equivalents at beginning of financial year		2,291,480	2,378,681
Cash and cash equivalents at end of financial year	7	2,364,048	2,291,480

The accompanying notes form part of these financial statements.

Note 1: Statement of Significant Accounting Policies

This financial report covers North Perth Community Financial Services Limited, as an individual entity. North Perth Community Financial Services Limited is a public company, incorporated and domiciled in Australia.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historic costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income Tax

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

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

Current and deferred income tax expense is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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

(a) Income tax (continued)

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

When temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

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

The cost of fixed assets constructed within the entity includes the costs of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation

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

Depreciation (continued)

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

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15.35% - 20%
Motor Vehicles	15.35%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is 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 lessor, are charged as expense 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.

(d) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

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.

(d) Financial Instruments (continued)

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

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and or loss if the financial liability is:

- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. 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.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

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

- 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.

(d) Financial Instruments (continued)

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:
- 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.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Entity's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

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.

(d) Financial Instruments (continued)

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.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
  the Entity no longer controls the asset

Impairment

The entity recognises a loss allowance for expected credit losses on:
- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- 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 Entity uses the following approaches to impairment, as applicable under AASB 9 : *Financial Instruments* :
- the general approach
- the simplified approach

General approach
Under the general approach, at each reporting period, the Entity assesses whether the financial instruments are credit-impaired, and if:
- the credit risk of the financial instrument has increased significantly since initial recognition, the Entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

(d) Financial Instruments (continued)

Simplified approach

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 or contract assets that result from transactions within the scope of AASB 15 : *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

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

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

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

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(e) Impairment of Assets

At each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment test is performed annually for goodwill and intangible assets with indefinite lives.

(f) Intangibles

Franchise Fee

The franchise fee paid by the company pursuant to a Franchise Agreement with Bendigo and Adelaide Bank Limited is being amortised over five (5) years period of the agreement, being the period of expected economic benefits of the franchise fee.

(g) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. 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. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

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

(h) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(i) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short- term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities in the statement of financial position.

(j) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(k) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in income in the period in which they are incurred.

(l) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All dividends received shall be recognised as revenue when the right to receive the dividend has been established.

Revenue recognition relating to provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the service performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

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

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(n) Comparative Figures

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

When the Company applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(o) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(o) Critical Accounting Estimates and Judgements (continued)

(i) Impairment

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

No impairment has been recognised in respect of intangibles for the year ended 30 June 2019. Should the projected turnover figures be materially outside of budgeted figures incorporated in value-in-use calculations, an impairment loss would be recognised up to the maximum carrying value of intangibles at 30 June 2019 amounting to $31,082.

(p) New Accounting Standards and Interpretations for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods.

Management's assessment of the new and amended pronouncements that are relevant to the Company, applicable to future reporting periods and which have not yet been adopted are set out as follows:

AASB 16 : *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

The Entity has chosen not to early-adopt AASB 16. However, the Entity has conducted a preliminary assessment of the impact of this new Standard, as follows.

A core change resulting from applying AASB 16 is that most leases will be recognised on the balance sheet by lessees, as the Standard no longer differentiates between operating and finance leases. An asset and a financial liability are recognised in accordance to this new Standard. There are, however, two exceptions allowed: short-term and low-value leases.

Basis of preparation

The accounting for the Entity's operating leases will be primarily affected by this new Standard.

AASB 16 will be applied by the Entity from its mandatory adoption date of 1 July 2019. The comparative amounts for the year prior to first adoption will not be restated as the entity has chosen to apply AASB 16 retrospectively with cumulative effect. While the right-of-use assets for property leases will be measured on transition as if the new rules had always been applied, all other right-of-use assets will be measured at the amount of the lease liability on adoption (after adjustments for any prepaid or accrued lease expenses).

(q) Adoption of New and Revised Accounting Standards

The Entity has considered the implications of new or amended Accounting Standards which have become applicable for the current financial reporting period and the Entity had to change its accounting policies and make retrospective adjustments as a result of adopting the following standards:

- AASB 9: Financial Instruments, and
- AASB 15: Revenue from Contracts with Customers.

AASB 9: *Financial Instruments*– Accounting Policies

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Entity commits itself to either the purchase or sale of the asset.

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 significant financing component.

Classification and measurement of the Entity's financial assets

Financial assets

Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Listed Financial Assets - Available for sale financial assets under AASB 139 included listed equity investments of $224,694 at 30 June 2019. These were adjusted to fair value through profit or loss (FVPL) under AASB 9.

Derecognition of financial assets

On derecognition of an investment in of equity which was elected to be classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment of financial assets

The Entity uses the following approaches to impairment, as applicable under AASB 9 : *Financial Instruments* :

- the general approach;
- the simplified approach

The Entity's share investments carried at fair value are subject to AASB 9's new three-stage expected credit loss model. These investments are considered to be low credit risk and therefore no impairment allowance is determined.

For trade receivables under AASB 15 the Entity applies a simplified approach of recognising lifetime expected credit losses as these items do not have a significant financing component. There was no impairment allowance at 1 July 2018 for trade receivables.

Reconciliation of financial instruments on adoption of AASB 9 – 1 July 2018

	Financial instrument category		Carrying amount		
	AASB 139 Original	**AASB 9 New**	**AASB 139 Original**	**AASB 9 recognition of additional loss allowance**	**AASB 9 New**
			$	**$**	**$**
Financial assets					
Current and non-current					
Trade and other receivables	Loans and receivables (amortised cost)	Financial assets at amortised cost	110,007	-	110,007
Listed equities	Available-for-sale financials	Financial assets at fair value through other comprehensive income	229,747	-	229,747
Cash and cash equivalents	Loan and receivables (amortised cost)	Financial assets at amortised cost	2,291,480	-	2,291,480
Financial liabilities					
Current and non-current					
Trade and other payables	Amortised cost	Financial liabilities at amortised cost	138,477	–	138,477
Mortgage loans	Amortised cost	Financial liabilities at amortised cost	31,477	–	31,477

Reconciliation of equity for the impact of AASB 9 at 1 July 2018:

Financial assets	Item	Carrying amount under AASB 139	Reclassification	Remeasurement	Carrying amount under AASB 9	Retained earnings adjustment
		30 June 2018			1 July 2018	1 July 2018
		$	$	$	$	$
Fair value through other comprehensive income						
Reclassified from (equity instruments):						
Available for sale (AASB 139)	(i)	229,747	(229,747)	-	-	-
Allocated to (equity and debt instruments):						
Available for sale (AASB 139) to fair value through profit or loss (AASB 9): required reclassification to fair value through other comprehensive income (equity)	(ii)	-	-	-	229,747	-
Total		229,747	(229,747)	-	229,747	-
Total financial asset balances reclassifications and remeasurements at 1 July 2018		229,747	(229,747)	-	229,747	-

Adjustments made to statement of profit or loss and other comprehensive income

	Under previous accounting policies 30 June 2018	AASB 9	AASB 15	30 June 2018 restated
	$	$	$	$
Continuing operations				
Revenue	1,237,549	-	-	1,237,549
Interest income	47,159	-	-	47,159
Employee benefit expense	(479,295)	-	-	(479,295
Depreciation & amortisation expense	(105,056)	-	-	(105,056)
Finance cost	(3,111)	-	-	(3,111)
Other expenses	(690,902)	-	-	(690,902)
Profit/(loss) before income tax	6,344	-	-	6,344
Income tax expense	2,199	2,276	-	4,475
Profit/(loss) from continuing operations	8,543	2,276	-	10,819
Other comprehensive income				
Net fair value gain/(loss) on financial assets available-for-sale	-	-	-	-
Income tax relating to components of other comprehensive income (deferred tax)	-	-	-	-
Total other comprehensive income/(loss) for the period	-	-	-	-
Total comprehensive income for the period	8,543	2,276	-	10,819
Earnings per Share				
From Overall Operations:				
Basic Earnings per Share (cents per share)	1.70			2.15
Diluted Earnings per Share (cents per share)	1.70			2.15

Adjustments made to statement of profit or loss and other comprehensive income

	Under previous accounting policies 30 June 2019	AASB 9	AASB 15	30 June 2019 restated
	$	$	$	$
Continuing operations				
Revenue	1,116,546		-	1,116,546
Interest income	46,862		-	46,862
Employee benefit expense	(389,326)		-	(389,326)
Depreciation & amortisation expense	(103,984)		-	(103,984)
Finance cost	(2,464)		-	(2,464)
Other expenses	(625,119)	-	-	(625,119)
Loss on FV of shares	-	(18,633)	-	(18,633)
Profit/(loss) before income tax	42,515	(18,633)	-	23,882
Income tax expense	(10,408)	5,124	-	(5,284)
Profit/(loss) from continuing operations	32,107	(13,509)	-	18,598
Other comprehensive income				
Net fair value gain/(loss) on financial assets available-for-sale	(18,633)	18,633	-	-
Income tax relating to components of other comprehensive income (deferred tax)	5,214	(5,124)	-	-
Total other comprehensive income/(loss) for the period	(13,509)	13,509	-	-
Total comprehensive income for the period	18,598	-	-	18,598
Earnings per Share				
From Overall Operations:				
Basic Earnings per Share (cents per share)	3.70	-	-	3.70
Diluted Earnings per Share (cents per share)	3.70	-	-	3.70

AASB 15: *Revenue from Contracts with Customers*– Accounting Policies

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. The Entity has adopted AASB 15 : *Revenue from Contracts with Customers* with an initial application date of 1 January 2018.

As a result, the Entity has changed its accounting policy revenue recognition as follows.

Revenue from rendering of services was recognised in proportion to the stage of completion of the work performed at the reporting date.

The Entity has applied AASB 15 using the cumulative effect method; that is, by recognising the cumulative effect of initially applying AASB 15 as an adjustment to the opening balance of equity at 1 January 2018. Therefore, the comparative information has not been restated and continues to be reported under AASB 118 : *Revenue*. There were no significant changes and quantitative impacts to the financial statements based on the adoption of AABS 15.

	2019	2018
	$	$

Note 2: Revenue and Other Income

	2019 $	2018 $
Operating Activities		
- Franchise margin income	1,092,887	1,203,980
Non-Operating Activities		
- Interest received	46,862	47,159
- Dividend received	9,545	8,291
- Profit/(Loss) on sale of shares	1,166	(6,989)
- Other revenue	12,948	25,044
- Net realised gain on shares	-	7,223
	70,521	80,728
Total Revenue	1,163,408	1,284,708

Note 3: Profit before Income Tax

Expenses

	2019 $	2018 $
Depreciation	89,768	90,840
Amortisation	14,216	14,216
Loss on market value of shares	18,633	-
Other operating expenses	1,016,909	1,173,308
	1,139,526	1,278,364
Remuneration of auditor		
- auditing or reviewing the financial report	11,500	11,500
- Other services	-	-
	11,500	11,500

Note 4: Income Tax Expense

(a) The components of tax expense comprise:

	2019 $	2018 $
- Current tax	26,511	10,109
- Deferred tax (benefit)/ expense	(21,228)	(14,583)
	5,284	(4,475)

Note 4: Income Tax Expense (cont'd)

	2019 $	Restated 2018 $
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2018: 27.5%)	6,568	1,745
Add:		
Franking Credit	1,125	977
Tax effect of:		
- non-deductible expenses	47,284	42,785
- effect of change in tax rates	-	-
Less:		
Tax effect of:		
- Other allowable items	(24,374)	(31,845)
- Franking credit	(4,091)	(3,553)
- Prior period adjustment	-	(2,276)
- Deferred tax asset	(21,228)	(12,307)
Income tax attributable to the company	5,284	(4,475)

Note 5: Dividends

Fully franked ordinary dividend paid on 29 May 2019 of 15 cents per share (2018: 15 cents)	75,300	75,300
Balance of franking account at year-end	1,283,994	1,309,606

Note 6: Interests of Key Management Personnel (KMP)

a. Name and positions

Name	*Position*
Nicholas Catania	Chairman
Ian Wesley Crawford	Company Secretary
James John Burns	Non-Executive Director
James Peter De Leo	Non-Executive Director
Sam De Vita	Non-Executive Director
Isidoro Messina	Non-Executive Director
Carlo Pennone	Non-Executive Director
James Elder	Non-Executive Director
Dean Franks	Non-Executive Director
Steed Farrell (Resigned 30/12/2018)	Non-Executive Director
Edward Parra	Non-Executive Director

b. Remuneration of Key Management Positions

Directors of the Company received a total of $41,133 as remuneration for services as Directors.

c. Shareholdings

Number of ordinary shares in North Perth Community Financial Services Limited held by key management personnel of the company during the financial year is as follows:

	Ordinary Shares			
Directors	*Beginning balances*	*Purchase*	*Other changes*	*Ending Balances*
Nicholas Catania	1,500	-	-	1,500
Ian Wesley Crawford	5,000	-	-	5,000
James John Burns	10,000	-	-	10,000
James Peter De Leo	1,000	-	-	1,000
Sam Aldo De Vita	7,000	-	-	7,000
Isidoro Messina	7,500	-	-	7,500
Carlo Pennone	2,700	-	-	2,700
James Elder	2,000	-	-	2,000
Dean Franks	-	-	-	-
Steed Farrell	-	-	-	-
Edward Parra	-	-	-	-
	36,700	-	-	36,700

Option Holdings

No options over ordinary shares in the company are held by any Director of the company or other key management personnel, including their personally related parties.

Notes to the Financial Statements continued
For the Year Ended 30 June 2019

	2019 $	2018 $
Note 7: Cash and Cash Equivalents		
Cash at Bank	123,536	159,186
Short-term bank deposits	2,240,512	2,132,294
	2,364,048	2,291,480

Note 8: Trade and Other Receivables

CURRENT		
Trade debtors	85,179	109,286
Other debtors	176	410
Accrued Income	240	311
	85,595	110,007

a. Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30-day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

There is no provision for impairment of receivables.

Note 9: Other Assets

CURRENT		
Prepayments	6,216	6,037
	6,216	6,037

Note 10: Plant and Equipment

Plant and equipment – at cost	442,553	442,553
Less accumulated depreciation	(347,531)	(266,451)
	95,022	176,102
Motor vehicle – at cost	56,602	56,602
Less accumulated depreciation	(28,175)	(19,487)
	28,427	37,115
Total Property, Plant and Equipment	123,449	213,217

Note 10: Plant and Equipment (continued)

a. Movements in Carrying Amounts

Movements in the carrying amounts for property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment $	Motor Vehicle $	Total $
Balance at 1 July 2017	258,441	20,830	279,271
Additions	-	24,786	24,786
Disposals	-	-	-
Depreciation Expense	(82,339)	(8,501)	(90,840)
Carrying amount at 30 June 2018	176,102	37,115	213,217
Additions	-	-	-
Disposals	-	-	-
Depreciation Expense	(81,080)	(8,688)	(89,768)
Carrying amount at 30 June 2019	95,022	28,427	123,449

	2019 $	2018 $
Note 11: Intangible Assets		
NON-CURRENT		
Franchise fees – at cost	124,931	124,931
Less: accumulated amortisation	(93,849)	(79,633)
Net carrying value	31,082	45,298

Note 12: Financial Assets

CURRENT

	2019 $	2018 $
Financial Assets – Fair Value through profit or loss		
-Shares in Listed Corporations	224,694	229,747

Notes to the Financial Statements continued
For the Year Ended 30 June 2019

Note 13: Trade and Other Payables

	2019 $	2018 $
CURRENT		
Unsecured liabilities:		
Trade creditors and accruals	53,687	41,913
GST Payable	21,063	26,414
Return of capital payable	20,515	20,665
Dividend payable	57,479	49,485
	152,744	138,477
NON-CURRENT		
Unsecured liabilities:		
Trade creditors and accruals	805	10,224

Note 14: Provisions

CURRENT		
Employee benefits:		
Provision for annual leave	12,252	22,748
Provision for long service leave	36,349	25,500
	48,601	48,248
NON-CURRENT		
Employee benefits:		
Provision for long service leave	2,099	7,742
Number of employees at year-end	7	7

Note 15: Tax

CURRENT		
Current tax assets	-	12,391
Current tax liabilities	15,261	-
NON CURRENT		
Deferred tax assets	88,122	66,895

Note 15: Tax (continued)

The movement in deferred tax asset for each temporary difference during the year as follows:

	2019 $	2018 $
Provisions		
Opening balance	15,397	16,890
Credit/(Charge) to income	(1,454)	(1,493)
Closing balance	13,943	15,397
Others		
Opening balance	51,498	35,422
Credit/(Charge) to income	22,681	16,076
Closing balance	74,179	51,498

Gross Movements:

The overall movement in the deferred tax asset account is as follows:

Opening balance	66,895	52,312
Credit/(Charge) to income	21,227	14,583
Closing balance	88,122	66,895

Note 16: Borrowings

	2019 $	2018 $
CURRENT		
Bank Loan - Bendigo Bank	10,524	9,971
NON CURRENT		
Bank Loan - Bendigo Bank	10,971	21,506

The loan is secured by a Setoff Agreement over term deposit account number #157 761 362 in the name of North Perth Community Financial Services Ltd for the amount of $ 50,000.

Note 17: Issued Capital

	2019 $	2018 $
502,000 (2018: 502,000) fully paid ordinary shares	502,000	502,000
10 (2018: 10) fully paid subscriber shares	10	10
Cost of raising equity	(21,791)	(21,791)
Return of capital	(301,200)	(301,200)
	179,019	179,019

Note 18: Cash Flow Information

	2019 $	2018 $
Profit after Income Tax		
Profit after income tax	18,598	10,819
Add: Non-cash flows in profit:		
Depreciation/amortisation	103,984	105,056
Loss on disposal of fixed assets	-	-
Intangible assets written off	-	-
Fair value (gain)/loss	18,633	(7,223)
Profit on sale of shares	(1,166)	6,989
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	24,412	5,087
(Increase)/decrease in prepayments	(179)	1,363
(Increase)/decrease in deferred tax assets	(21,227)	(12,617)
Increase/(decrease) in trade payables and accruals	(2,997)	(4,795)
Increase/(decrease) in provisions for employee entitlements	(5,290)	(5,430)
Increase/(decrease) in current tax liabilities	27,652	(44,571)
Increase/(decrease) in deferred tax liabilities	-	-
	162,420	54,678

Note 19: Capital and Leasing Commitments

North Perth Community Financial Services Limited has a motor vehicle & office fit out lease commitment at 30 June 2019.

	2019 $	2018 $
Payable		
Not longer than one year	19,943	18,952
Longer than one but not longer than five years	11,776	31,730
	31,719	50,682

Note 20: Events after the Reporting Period

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 except for the information disclosed in the Directors' report.

Note 21: Segment Reporting

The company operates in the financial services sector as a branch of Bendigo Bank Limited in Western Australia.

Note 22: Related Party Transactions

Sam Aldo De Vita is a partner of Devita Legal of which the firm is a panel of solicitors for Bendigo Bank.

Devita Legal receives instructions from various Community Bank branches of Bendigo Bank, including but not limited to the North Perth Community Bank Branch.

Nicholas Catania is a director of Deltalane Corporate Pty Ltd which is a private business consultancy firm providing consultancy to various companies including, but not limited to North Perth Community Financial Services Ltd.

Note 23: Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans. The company does not engage in transaction expressed in foreign currencies and is therefore not subject to foreign currency risk. Financial Risk Management is carried out by the Board of Directors.

The Directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

a. Financial Risk Management Policies

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements. The main purpose of non-derivative financial instruments is to raise finance for Company operations.

The Company does not have any derivative instruments at 30 June 2019.

b. Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest Rate Risk

Interest rate risk is managed with a mixture of fixed and floating rate debt.

Liquidity Risk

The Company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Note 23: Financial Risk Management (continued)

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2019.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Credit risk is managed reviewed regularly by the Board of Directors. It arises from exposures to customers as well as through deposits with financial institutions.

The Board of Directors monitors credit risk by actively assessing the rating quality and liquidity of counter parties:

- all potential customers are rated for credit worthiness taking into account their size, market position and financial standing; and
- customers that do not meet the company's strict credit policies may only purchase in cash or using recognised credit cards.

The trade receivables balances at 30 June 2019 and 30 June 2018 do not include any counterparties with external credit ratings. Customers are assessed for credit worthiness using the criteria detailed above.

c. Financial Instrument Composition and Maturity Analysis

The company held the following financial instruments at balance date:

	Carrying Value		Fair Value	
	2019	2018	2019	2018
	$	$	$	$
FINANCIAL ASSETS				
Cash and Cash Equivalents	2,364,048	2,291,480	2,364,048	2,291,480
Trade and other receivables	85,595	110,007	85,595	110,007
Other financial assets	224,694	229,747	224,694	229,747
	2,674,337	2,631,234	2,674,337	2,631,234
FINANCIAL LIABILITIES				
Trade and other payables	152,744	138,477	152,744	138,477
Borrowings	21,494	31,477	18,967	28,218
	174,238	169,954	171,711	166,695

Note 23: Financial Risk Management (continued)

Fair value is determined as follows:

The carrying value of cash and cash equivalents, receivables, available-for-sale financial assets and payables are estimated approximates to their net market values.

d. Cash and Cash Equivalents

The company's objective is to maximize its return on cash and cash equivalent instruments whilst maintaining an adequate level of liquidity and preserving Capital.

Cash and investments are subjected to interest rate risk – the risk that movements in interest rates affect returns.

The company manages its risks by diversifying its portfolio and only purchasing cash and other investments with high credit ratings or capital guarantees.

Sensitivity Analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how the profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	Equity $
Year ended 30 June 2019		
+/- 2% in interest rates	+/-47,281	+/-47,281
Year ended 30 June 2018		
+/- 2% in interest rates	+/-45,829	+/-45,829

(a) Receivables

The company's major risk associated with the receivables is credit risk – the risk that the debts may not be repaid. The company manages this risk by monitoring outstanding debt and employing appropriate debt recovery procedures.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial investments entered into by the company.

(b) Payables

Payables are subjected to liquidity risk – that is the risk that insufficient funds may be on hand to meet payment obligations as and where they fall due. The Directors manage this risk by monitoring its cash flow requirements and liquidity levels and maintaining an adequate cash buffer and has a loan facility with the bank.

Note 23: Financial Risk Management (continued)

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate		Floating Interest Rate		Non-interest Bearing		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
	%	%	$	$	$	$	$	$
Financial Assets:								
Cash and cash at bank	0.02%	0.02%	123,536	159,186	-	-	123,536	159,186
Short-term deposits	3.6%	3.6%	2,240,512	2,132,294	-	-	2,240,512	2,132,294
Trade and other receivables			-	-	85,595	110,007	85,595	110,007
Total Financial Assets			2,364,048	2,291,480	85,595	110,007	2,449,643	2,401,487
Financial Liabilities:								
Trade and other payables			-	-	152,744	138,477	152,744	138,477
Borrowings	4.94%	4.94%	-	-	21,494	31,477	21,494	31,477
Total Financial Liabilities			-	-	174,238	169,954	174,238	169,954

Note 24: Fair Value Measurements

The company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition:

- Financial assets at fair value through profit or loss;

The company does not measure any other assets and liabilities at fair value on a non-recurring basis.

(a) Fair Value Hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurement into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1 - Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 - Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

Market approach - Valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach - Valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Cost approach - Valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Note 24: FAIR VALUE MEASUREMENTS (Cont'd)

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability and considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following table provides the fair values of the company's assets measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Recurring Fair Value Measurements

		30 June 2019			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
		$	**$**	**$**	**$**
Financial Assets					
Financial assets at fair value though profit or loss:					
- shares in listed corporations	12	224,694	-	-	224,694
Total financial assets recognised at fair value		224,694	-	-	224,694

Note 24: FAIR VALUE MEASUREMENTS (Cont'd)

Recurring Fair Value Measurements

		30 June 2018			
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
		$	$	$	$
Financial Assets					
Financial assets at fair value though profit or loss:					
- shares in listed corporations	12	229,747	-	-	229,747
Total financial assets recognised at fair value		229,747	-	-	229,747

(b) Transfers Policy

The policy of the company is to recognise transfers into and transfers out of the fair value hierarchy levels as at the end of the reporting period. There were no transfers between level 1 and level 2 for assets measured at fair value on a recurring basis during the reporting period (2018: no transfers).

(c) Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the statement of financial position, but their fair values are discloses in the notes:
- Accounts receivable and other debtors;
- Accounts payable and other liabilities;

Note 24: FAIR VALUE MEASUREMENTS (Cont'd)

The following table provides the level of fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Note	Fair Value Hierarchy Level	Valuation Technique(s)	Inputs Used
Assets				
Trade receivable and other assets	8, 9	2	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Liabilities				
Trade and other payables	13	2	Income approach using discounted cash flow methodology	Market interest rates for similar liabilities

There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the notes to the financial statements.

Note 25: Economic dependency – Bendigo and Adelaide Bank Limited

The company has entered into franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branches at North Perth, Western Australia.

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

All deposits are made with Bendigo Bank, and all personal and investment products are products of Bendigo Bank, 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 Bank, must be approved by Bendigo Bank. All credit transactions are made with Bendigo Bank, and all credit products are products of Bendigo Bank.

Bendigo Bank 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 branches;
- 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; and
- Sales techniques and proper customer relations.

Note 26: Company Details

The registered office of the company is:
Suite 3, 138 Main Street
Osborne Park WA 6017

The principal places of business of the Company are:
Suite 3, 138 Main Street
Osborne Park WA 6017

431 Fitzgerald Street
North Perth WA 6006

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