

# FORM: Half yearly/preliminary final report

Name of issuer

**Inverloch & District Financial Enterprises Limited**

ACN or ARBN

**13 117 672 590**

Half yearly  
(tick)

Preliminary  
final (tick)

✓

Half year/financial year ended  
(‘Current period’)

**30 June 2019**

## For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$
Revenue (item 1.1)	Down	5%	to	659,536
Profit (loss) for the period (item 1.9)	Up	17%	to	83,670
Profit (loss) for the period attributable to members of the parent (item 1.11)	Up	17%	to	83,670
<b>Dividends</b>				
Franking rate applicable:		Current period		Previous corresponding period
<b>Final dividend</b> (preliminary final report only)(item 10.13-10.14)				
Amount per security (cents)		6.5c		6.5c
Franked amount per security		6.5c		6.5c
<b>Interim dividend</b> (Half yearly report only) (item 10.11 – 10.12)				
Amount per security		-		-
Franked amount per security		-		-
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				
-				

**Consolidated income statement** *(The figures are not equity accounted)**(see note 3)**(as per paragraphs 81-85 and 88-94 of AASB 101: Presentation of Financial Statements)*

	Current period - \$	Previous corresponding period - \$
1.1 Revenues <i>(item 7.1)</i>	659,536	692,264
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(542,417)	(593,627)
1.3 Finance costs	(1)	-
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	-	-
1.5 <b>Profit (loss) before income tax</b>	117,118	98,637
1.6 Income tax credit (expense) <i>(see note 4)</i>	(33,448)	(27,124)
1.7 Profit (loss) from continuing operations	-	-
1.8 Profit (loss) from discontinued operations <i>(item 13.3)</i>	-	-
1.9 <b>Profit (loss) for the period</b>	83,670	71,513
1.10 Profit (loss) attributable to minority interests	-	-
1.11 <b>Profit (loss) attributable to members of the parent</b>	83,670	71,513
1.12 Basic earnings per security <i>(item 9.1)</i>	11.16¢	9.53¢
1.13 Diluted earnings per security <i>(item 9.1)</i>	11.16¢	9.53¢
1.14 Dividends per security <i>(item 9.1)</i>	6.5¢	6.5¢

**Comparison of half-year profits***(Preliminary final statement only)*

	Current period - \$	Previous corresponding period - \$
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	41,497	15,930
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	42,173	55,583

## Consolidated balance sheet

(See note 5)

(as per paragraphs 68-69 of AASB 101: Financial Statement Presentation)

<b>Current assets</b>		Current period - \$	Previous corresponding period - \$
3.1	Cash and cash equivalents	709,955	634,339
3.2	Trade and other receivables	19,709	35,712
3.3	Inventories	-	-
3.4	Other current assets (provide details if material)	-	-
3.5	<b>Total current assets</b>	729,664	670,051
<b>Non-current assets</b>			
3.6	Available for sale investments	-	-
3.7	Other financial assets	-	-
3.8	Investments in associates	-	-
3.9	Deferred tax assets	-	-
3.10	Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	-	-
3.11	Development properties (mining entities)	-	-
3.12	Property, plant and equipment (net)	55,436	61,330
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	58,978	72,564
3.16	Other (provide details if material)	-	-
3.17	<b>Total non-current assets</b>	114,414	133,894
3.18	<b>Total assets</b>	844,078	803,945
<b>Current liabilities</b>			
3.19	Trade and other payables	16,919	16,853
3.20	Short term borrowings	-	-
3.21	Current tax payable	16,438	9,681
3.22	Short term provisions	-	-
3.23	Current portion of long term borrowings	-	-
3.24	Other current liabilities (provide details if material)	-	-
		33,357	26,534
3.25	Liabilities directly associated with non-current assets classified as held for sale (para 38 of AASB 5)	-	-
3.26	<b>Total current liabilities</b>	33,357	26,534

<b>Non-current liabilities</b>			
		Current period - \$	Previous corresponding period - \$
3.27	Long-term borrowings	-	-
3.28	Deferred tax liabilities	7,445	9,054
3.29	Long term provisions	-	-
3.30	Other (provide details if material)	-	-
3.31	<b>Total non-current liabilities</b>	7,445	9,054
3.32	<b>Total liabilities</b>	40,802	35,588
3.33	<b>Net assets</b>	803,276	768,357
<b>Equity</b>			
3.34	Share capital	729,547	729,547
3.35	Other reserves	-	-
3.36	Retained earnings	73,729	38,810
Amounts recognised directly in equity relating to non-current assets classified as held for sale		-	-
3.37	<b>Parent interest</b>	-	-
3.38	<b>Minority interest</b>	-	-
3.39	<b>Total equity</b>	803,276	768,357

## Consolidated statement of changes in equity

(as per paragraphs 96-97 of AASB 101: Presentation of Financial Statements)

	Current period – \$	Previous corresponding period – \$
Revenues recognised directly in equity:	-	-
Expenses recognised directly in equity:	-	-
4.1 <b>Net income recognised directly in equity</b>	-	-
4.2 <b>Profit (loss) for the period</b>	83,670	71,513
4.3 <b>Total recognised income and expense for the period</b>		-
Attributable to:		
4.4 Members of the parent	83,670	71,513
4.5 Minority interest	-	-
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):		
4.6 Members of the parent entity	-	-
4.7 Minority interest	-	-

# Consolidated statement of cash flows

(See note 6)

(as per AASB 107: Cash Flow Statements)

		Current period - \$	Previous corresponding period - \$
	<b>Cash flows related to operating activities</b>		
5.1	Receipts from customers	725,390	741,292
5.2	Payments to suppliers and employees	(588,872)	(654,444)
5.3	Interest and other costs of finance paid	(1)	-
5.4	Income taxes paid	(28,300)	(16,336)
5.5	Other (interest received)	16,150	16,542
5.6	<b>Net cash provided by operating activities</b>	124,367	87,054
	<b>Cash flows related to investing activities</b>		
5.7	Payments for purchases of property, plant and equipment	-	(2,708)
5.8	Proceeds from sale of property, plant and equipment	-	-
5.9	Payment for purchases of equity investments	-	-
5.10	Proceeds from sale of equity investments	-	-
5.11	Loans to other entities	-	-
5.12	Loans repaid by other entities	-	-
5.13	Interest and other items of similar nature received	-	-
5.14	Dividends received	-	-
5.15	Other (provide details if material)	-	-
	Payments for Intangible Assets		
5.16	<b>Net cash used in investing activities</b>	-	(2,708)
	<b>Cash flows related to financing activities</b>		
5.17	Proceeds from issues of securities (shares, options, etc.)	-	-
5.18	Proceeds from borrowings	-	-
5.19	Repayment of borrowings	-	-
5.20	Dividends paid	(48,751)	(48,751)
5.21	Other (provide details if material)	-	-
5.22	<b>Net cash (used in) / provided by financing activities</b>	(48,751)	(48,751)
	<b>Net increase (decrease) in cash and cash equivalents</b>	75,616	35,595
5.23	Cash at beginning of period (see Reconciliations of cash)	634,339	598,744
5.24	Exchange rate adjustments to item 5.23	-	-
5.25	<b>Cash at end of period</b>	709,955	634,339

(see Reconciliation of cash)

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## Reconciliation of cash provided by operating activities to profit or loss

(as per paragraph Aus20.1 of AASB 107: Cash Flow Statements)

		Current period \$	Previous corresponding period \$
6.1	<b>Profit (loss)</b> <i>(item 1.9)</i>	83,670	71,513
	Adjustments for:		
6.2	Depreciation	5,894	6,096
6.3	Amortisation	13,586	13,586
6.4	Loss on disposal	-	-
6.5	(Increase)/decrease in receivables	16,003	(793)
6.6	(Increase)/decrease in other assets	-	-
6.7	Increase/(decrease) in payables	66	(14,136)
6.8	Increase/(decrease) in provisions	-	-
6.9	Increase/(decrease) in tax liabilities	5,148	10,788
6.10	<b>Net cash from operating activities</b> <i>(item 5.6)</i>	124,367	87,054



## **Notes to the financial statements**

### **Details of revenues and expenses**

(see note 16)

(Where items of income and expense are material, disclose nature and amount below in accordance with paragraphs 86-87 of AASB 101: Presentation of Financial Statements)

		Current period - \$	Previous corresponding period - \$
	Revenue		
	Services commissions	644,341	667,874
	Interest	15,195	14,670
	Other revenue	-	9,720
7.1	Total Revenue	659,536	692,264
	Expenses		
	Employee benefits expense	(310,765)	(326,718)
	Charitable donations, sponsorship, advertising and promotion	(15,536)	(35,578)
	Occupancy and associated costs	(66,865)	(73,577)
	Systems costs	(19,649)	(19,330)
	Depreciation and amortisation expense	(19,480)	(19,682)
	Finance costs	(1)	-
	General administration expenses	(110,122)	(118,742)
7.2	Total Expenses	(542,418)	(593,627)
	Profit (loss) before tax	117,118	98,637

	<b>Ratios</b>	Current period	Previous corresponding period
	<b>Profit before tax / revenue</b>		
8.1	Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)	17.76%	14.25%
	<b>Profit after tax / equity interests</b>		
8.2	Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)	10.42%	9.31%

### Earnings per Security

- 9.1 Provide details of basic and fully diluted EPS in accordance with paragraph 70 and Aus 70.1 of AASB 133: Earnings per Share below:

	Current period	Previous corresponding period
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	83,670	71,513
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	750,010	750,010
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (if different from basic)	-	-

### Dividends

- 10.1 Date the dividend is payable

N/A

- 10.2 Record date to determine entitlements to the dividend (i.e. on the basis of registrable transfers received up to 5.00 pm if paper based, or by 'End of Day' if a proper ASTC/CHESS transfer)

N/A

- 10.3 If it is a final dividend, has it been declared?

(Preliminary final report only)

- 10.4 The *dividend or distribution plans* shown below are in operation.

N/a

The last date(s) for receipt of election notices to the *dividend or distribution plans*

- 10.5 Any other disclosures in relation to *dividends or distributions*

N/A

**Dividends paid or provided for on all securities***(as per paragraph Aus126.4 AASB 101: Presentation of Financial Statements)*

	Current period - \$	Previous corresponding period - \$	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>			
10.6 Current year interim	-	-	-
10.7 Franked dividends	48,751	48,751	27.5%
10.8 Previous year final	-	-	-
10.9 Franked dividends	-	-	-
<b>Dividends proposed and not recognised as a liability</b>			
10.10 Franked dividends	-	-	-

**Dividends per security***(as per paragraph Aus126.4 of AASB 101: Presentation of Financial Statements)*

	Current year	Previous year	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>			
10.11 Current year interim	-	-	-
10.12 Franked dividends – cents per share	6.5	6.5	27.5%
10.13 Previous year final	-	-	-
10.14 Franked dividends – cents per share	-	-	-
<b>Dividends proposed and not recognised as a liability</b>			
10.15 Franked dividends – cents per share	-	-	-

### Exploration and evaluation expenditure capitalised

*To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit*

	Current period \$	Previous corresponding period \$
11.1 Opening balance	-	-
11.2 Expenditure incurred during current period	-	-
11.3 Expenditure written off during current period	-	-
11.4 Acquisitions, disposals, revaluation increments, etc.	-	-
11.5 Expenditure transferred to Development Properties	-	-
11.6 <b>Closing balance as shown in the consolidated balance sheet</b> (item 3.10)	-	-

### Development properties

*(To be completed only by issuers with mining interests if amounts are material)*

	Current period \$	Previous corresponding period \$
12.1 Opening balance	-	-
12.2 Expenditure incurred during current period	-	-
12.3 Expenditure transferred from exploration and evaluation	-	-
12.4 Expenditure written off during current period	-	-
12.5 Acquisitions, disposals, revaluation increments, etc.	-	-
12.6 Expenditure transferred to mine properties	-	-
12.7 <b>Closing balance as shown in the consolidated balance sheet</b> (item 3.11)	-	-

### Discontinued Operations

*(see note 18)*

*(as per paragraph 33 of AASB 5: Non-current Assets Held for Sale and Discontinued Operations)*

	Current period – \$	Previous corresponding period – \$
13.1 Revenue	-	-
13.2 Expense	-	-
13.3 <b>Profit (loss) from discontinued operations before income tax</b>	-	-
13.4 Income tax expense <i>(as per para 81 (h) of AASB 112)</i>	-	-
13.5 <b>Gain (loss) on sale/disposal of discontinued operations</b>	-	-
13.6 Income tax expense <i>(as per paragraph 81(h) of</i>	-	-

**Movements in Equity**

(as per paragraph 97 of AASB 101: Financial Statement Presentation)

		<b>Number issued</b>	<b>Number listed</b>	<b>Paid-up value (cents)</b>	<b>Current period – \$</b>	<b>Previous corresponding period – \$</b>
<b>14.1 Preference securities</b>						
	<i>(description)</i>					
14.2	Balance at start of period	-	-	-	-	-
14.3	a) Increases through issues	-	-	-	-	-
14.4	a) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.5	Balance at end of period	-	-	-	-	-
<b>14.6 Ordinary securities</b>						
	<i>(ordinary shares fully paid)</i>					
14.7	Balance at start of period	750,010	750,010	100	750,010	750,010
14.8	a) Increases through issues	-	-	-	-	-
14.9	b) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.10	Balance at end of period	750,010	750,010	100	750,010	750,010
<b>14.11 Convertible Debt Securities</b>						
	<i>(description &amp; conversion factor)</i>					
14.12	Balance at start of period	-	-	-	-	-
14.13	a) Increases through issues	-	-	-	-	-
14.14	b) Decreases through maturity, converted.	-	-	-	-	-
14.15	Balance at end of period	-	-	-	-	-

		<b>Number issued</b>	<b>Number listed</b>	<b>Paid-up value (cents)</b>	<b>Current period – \$</b>	<b>Previous corresponding period – \$</b>
14.16	<b>Options</b>  <i>(description &amp; conversion factor)</i>					
14.17	Balance at start of period	-	-	-	-	-
14.18	Issued during period	-	-	-	-	-
14.19	Exercised during period	-	-	-	-	-
14.20	Expired during period	-	-	-	-	-
14.21	Balance at end of period	-	-	-	-	-
14.22	<b>Debentures</b>  <i>(description)</i>					
14.23	Balance at start of period	-	-	-	-	-
14.24	a) Increases through issues	-	-	-	-	-
14.25	b) Decreases through maturity, converted	-	-	-	-	-
14.26	Balance at end of period	-	-	-	-	-
14.27	<b>Unsecured Notes</b>  <i>(description)</i>					
14.28	Balance at start of period	-	-	-	-	-
14.29	a) Increases through issues	-	-	-	-	-
14.30	b) Decreases through maturity, converted	-	-	-	-	-
14.31	Balance at end of period	-	-	-	-	-
14.32	<b>Total Securities</b>	750,010	750,010	100	750,010	750,010

		Current period – \$	Previous corresponding period – \$
<b>Reserves</b>			
14.33	Balance at start of period	-	-
14.34	Transfers to/from reserves	-	-
14.35	Total for the period	-	-
14.36	Balance at end of period	-	-
14.37	<b>Total reserves</b>	-	-
<b>Retained earnings</b>			
14.38	<b>Balance at start of period</b>	38,810	16,048
14.39	Changes in accounting policy	-	-
14.40	Restated balance	-	-
14.41	Profit for the balance	83,670	71,513
14.42	Total for the period	-	-
14.43	Dividends	(48,751)	(48,751)
14.44	<b>Balance at end of period</b>	73,729	38,810

## Details of aggregate share of profits (losses) of associates and joint venture entities

(equity method)

(as per paragraph Aus 37.1 of AASB 128: Investments in Associates and paragraph Aus 57.3 of AASB 131: Interests in Joint Ventures)

Name of associate or joint venture entity

Reporting entities percentage holding

		Current period - \$	Previous corresponding period - \$
15.1	Profit (loss) before income tax	-	-
15.2	Income tax	-	-
15.3	<b>Profit (loss) after tax</b>	-	-
15.4	Impairment losses	-	-
15.5	Reversals of impairment losses	-	-
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)	-	-
15.7	<b>Share of net profit (loss) of associates and joint venture entities</b>	-	-

## Control gained over entities having material effect

(See note 8)

16.1 Name of *issuer* (or *group*)

		\$
16.2	Consolidated profit (loss) after tax of the <i>issuer</i> (or <i>group</i> ) since the date in the current period on which control was acquired	-
16.3	Date from which profit (loss) in <i>item 16.2</i> has been calculated	-
16.4	Profit (loss) after tax of the <i>issuer</i> (or <i>group</i> ) for the whole of the previous corresponding period	-



**Loss of control of entities having material effect***(See note 8)*17.1 Name of *issuer* (or *group*)17.2 Consolidated profit (loss) after tax of the entity (or *group*) for the current period to the date of loss of control

\$

-

17.3 Date from which the profit (loss) in *item 17.2* has been calculated

-

17.4 Consolidated profit (loss) after tax of the entity (or *group*) while controlled during the whole of the previous corresponding period

-

17.5 Contribution to consolidated profit (loss) from sale of interest leading to loss of control

-

**Material interests in entities which are not controlled entities***The economic entity has an interest (that is material to it) in the following entities.*

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) ( <i>item 1.9</i> )	
18.1	<b>Equity accounted associated entities</b>	Current period	Previous corresponding period	Current period \$	Previous corresponding period \$
				<i>Equity accounted</i>	
		-	-	-	-
		-	-	-	-
18.2	<b>Total</b>	-	-	-	-
18.3	<b>Other material interests</b>			Non equity accounted (i.e. part of <i>item 1.9</i> )	
		-	-	-	-
		-	-	-	-
18.4	<b>Total</b>	-	-	-	-

## Reports for industry and geographical segments

Information on the industry and geographical segments of the entity must be reported for the current period in accordance with AASB 114: Segment Reporting. Because of the different structures employed by entities, a pro forma is not provided. Segment information should be completed separately and attached to this statement. However, the following is the personation adopted in the Appendices to AASB 114 and indicates which amount should agree with items included elsewhere in this statement.

	Current period - \$	Previous corresponding period - \$
<b>Segments</b>		
Revenue:		
19.1 External sales	-	-
19.2 Inter-segment sales	-	-
19.3 <b>Total</b> (consolidated total equal to <i>item 1.1</i> )	-	-
19.4 Segment result	-	-
19.5 Unallocated expenses	-	-
19.6 <b>Operating profit</b> (equal to <i>item 1.5</i> )	-	-
19.7 Interest expense	-	-
19.8 Interest income	-	-
19.9 Share of profits of associates	-	-
19.10 Income tax expense	-	-
19.11 <b>Net profit</b> (consolidated total equal to <i>item 1.9</i> )	-	-
<b>Other information</b>	-	-
19.12 Segment assets	-	-
19.13 Investments in equity method associates	-	-
19.14 Unallocated assets	-	-
19.15 <b>Total assets</b> (equal to <i>item 3.18</i> )	-	-
19.16 Segment liabilities	-	-
19.17 Unallocated liabilities	-	-
19.18 <b>Total liabilities</b> (equal to <i>item 3.32</i> )	-	-
19.19 Capital expenditure	-	-
19.20 Depreciation	-	-
19.21 Other non-cash expenses	-	-

## NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	0.98¢	0.92¢

## Non-cash financing and investing activities

*Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.*

21.1	n/a
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## International Financial Reporting Standards

*Under paragraph 39 of AASB 1: First –time Adoption of Australian Equivalents to International Financial Reporting Standards, an entity's first Australian-equivalents-to-IFRS's financial report shall include reconciliations of its equity and profit or loss under previous GAAP to its equity and profit or loss under Australian equivalents to IFRS's. See IG63 in the appendix to AASB 1 for guidance.*

22.1	n/a
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*Under paragraph 4.2 of AASB 1047: Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards, an entity must disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRSs or if the aforementioned impacts are not known or reliably estimable, a statement to that effect.*

22.2	n/a
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**Comments by directors**

*Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 134: Interim Financial Reporting. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) but may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.*

**Basis of accounts preparation**

*If this statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period. This report does not include all notes of the type normally included in an annual financial report.*

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible). In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations (as per paragraphs 16(b), 16(b) and Aus 16.1 of AASB 134: Interim Financial Reporting)

There are no matters or circumstances that have arisen since the end of the half year reporting period 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.

Any other factors which have affected the results in the period, or which are likely to affect results in the future, including those where the effect could not be quantified.

During the financial year, the franchisor, Bendigo & Adelaide Bank Limited, sold its financial planning business to an external entity. As a result, the revenue received from financial planning business earned by the company is expected to decrease. The current assessment indicates a decrease in revenue of up to 5% in the 2019/20 financial year.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Franking credits available are: \$36,612

The amount of dividend to be paid is assessed by the Board at the conclusion of each financial year. The Board expect that future dividend payments will be fully franked.

Changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

*(Disclose changes in the half yearly statement in accordance with paragraph 16(a) of AASB 134: Interim Financial Reporting. Disclose changes in the preliminary final statement in accordance with paragraphs 28-29 of 108: Accounting Policies, Changes in Accounting Estimates and Errors.)*

None

An *issuer* shall explain how the transition from previous GAAP to Australian equivalents to IFRS' affected its reported financial position, financial performance and cash flows. *(as per paragraph 38 of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards)*

Revisions in estimates of amounts reported in previous periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year *(as per paragraph 16(d) of AASB 134: Interim Financial Reporting)*

Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assts since the last annual report *(as per paragraph 16(j) of AASB 134: Interim Financial Reporting)*

The nature and amount of items affecting assets, liabilities, equity, profit or loss, or cash flows that are unusual because of their nature, size or incidence *(as per paragraph 16(c) of AASB 134: Interim Financial Reporting)*

Effect of changes in the composition of the entity during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinued operations *(as per paragraph 16(i) of AASB 134: Interim Financial Reporting)*

**Annual meeting***(Preliminary final statement only)*

The annual meeting will be held as follows:

Place

Inlet Hotel  
3-5 The Esplanade  
Inverloch, VIC 3996

Date

14 November 2019

Time

5.30 PM

Approximate date the annual report will be available

24 October 2019

**Compliance statement**

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the *Corporations Act* or other standards acceptable to the Exchange (see note 13).

Identify other standards used

2. This statement, and the financial statements under the *Corporations Act* (if separate), use the same accounting policies.


3. This statement does give a true and fair view of the matters disclosed (see note 2).

4. This statement is based on financial statements to which one of the following applies:

- ☒ The financial statements have been audited. ☐ The financial statements have been subject to review by a registered auditor (or overseas equivalent).
- ☐ The financial statements are in the process of being audited or subject to review. ☐ The financial statements have *not* yet been audited or reviewed.

5. If the accounts have been or are being audited or subject to review details of any qualifications are attached.

6. The *issuer* has a formally constituted audit committee.

Sign here:   
(Director/Company secretary)

Date: 12-09-2019

Print name: PHILIP DAVID

## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. *Issuers* are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated statement of financial performance**  
  
Item 1.1            The definition of "revenue" is set out in *AASB 118: Revenue*  
  
Item 1.6            This item refers to the total tax attributable to the amount shown in *item 1.5*. Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg. fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the issuer must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franking rate applicable" for items in *section 9*.
5. **Consolidated statement of financial position**  
  
**Format** The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 134: Interim Financial Reporting*, and *AASB 101: Presentation of Financial Statements*. Banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.  
  
**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 116: Property, Plant and Equipment*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Consolidated statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 107: Cash Flow Statements*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 107*.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary *securities* (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.

8. **Gain and loss of control over entities** The gain or loss must be disclosed if it has a material effect on the consolidated financial statements. Details must include the contribution for each gain or loss that increased or decreased the *issuer's* consolidated operating profit (loss) after tax by more than 5% compared to the previous corresponding period.
9. **Equity accounting** If an *issuer* adopts equity accounting, no comparative equity accounting figures are required in the first period following its adoption.
10. **Rounding of figures** This statement anticipates that the information required is given to the nearest \$1,000. However, an *issuer* may report exact figures, if the A\$'000 headings are amended. If an *issuer* qualifies under ASIC Class Order 98/0100 dated 15 July 2004, it may report to the nearest million dollars, or to the nearest \$100,000, if the A\$'000 headings are amended.
11. **Comparative figures** Comparative figures are to be presented in accordance with AASB 101: *Presentation of Financial Statements* or AASB 134: *Interim Financial Reporting* as appropriate and are the unadjusted figures from the last annual or half year report as appropriate. However, if the previously reported figures are adjusted to achieve greater comparability, in accordance with an accounting standard or other reason, a note explaining the adjustment must be included with this statement. If no adjustment is made despite a lack of comparability, a note explaining the position should be attached.
12. **Additional information** An *issuer* may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement. The requirement under the listing rules for an *issuer* to complete this statement does not prevent the *issuer* issuing statements more frequently. Additional material lodged with the ASIC under the *Corporations Act* must also be given to the *Exchange*. For example, a *directors'* report and declaration, if lodged with the ASIC, must be given to the *Exchange*.
13. **Accounting Standards** the *Exchange* will accept, for example, the use of International Accounting Standards for *foreign issuers*. If the standards used do not address a topic, the Australian standard on that topic (if one exists) must be complied with.
14. **Borrowing corporations** This statement may be able to be used by an *issuer* required to comply with the *Corporations Act* as part of its half yearly financial statements if prepared in accordance with Australian Accounting Standards.
15. **Details of expenses** AASB 101: *Presentation of Financial Statements* requires disclosure of expenses according to either their nature or function. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*. *Issuers* must disclose details of expenses using the layout (by nature or function) employed in their accounts.

The information in *items 7.1 - 7.2* may be provided in an attachment to Appendix 3

**Relevant items** AASB 101: *Presentation of Financial Statements* requires the separate disclosure of specific revenues and expenses which are of a size, nature or incidence that disclosure is *relevant*, as defined in AASB 101, in explaining the financial performance of the *issuer*. There is an equivalent requirement in AASB 134: *Interim Financial Reporting*. For foreign entities, there are similar requirements in other accounting standards accepted by the *Exchange*.

16. **Dollars** If reporting is not in A\$, all references to A\$ must be changed to the reporting currency. If reporting is not in thousands of dollars, all references to "000" must be changed to the reporting value.
17. **Discontinuing operations**

Entities must either provide a description of any significant activities or events relating to discontinuing operations equivalent to that required by *paragraph 7.5 (g) of AASB 134: Interim Financial Reporting*, or, the details of discontinuing operations they are required to disclose in their accounts in accordance with AASB 5: *Non-current Assets for Sale and Discontinued Operations*

In any case, the information may be provided as an attachment to this Appendix 3.



# Inverloch & District Financial Enterprises Limited

ABN: 13 117 672 590

Financial Statements

30 June 2019

# Inverloch & District Financial Enterprises Limited

## Directors' Report

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:

Philip David Clark

Chair (*Appointed 5 July 2018*)

Company Director

Experience and expertise: Phil was appointed Chair on 29th June 2019 and is also Chair of Westernport Water. He also has experience as a Non-Executive Director of City West Water Limited, as a Non-Executive Director and Chair of the Finance & Audit and Remuneration Committees of ASX Listed African Energy Resources Limited, ATEC International, a start-up social enterprise providing bio-digesters to rural Cambodians and Chair of Engineers Without Borders. Phil is a previous Chair of the Australasian Institute of Mining & Metallurgy, Melbourne Branch. Phil's earlier engineering and executive management career with BHP and Australian Iron and Steel, spans almost four decades, including extensive international experience. He holds a Bachelor of Engineering, a Master of Business Administration and is a Graduate of the Australian Institute of Company Directors.

Other directorships: Westernport Water

Special responsibilities: Finance Audit & Governance Committee

Interest in shares: Nil

Domenic Anthony Brusamarello

Deputy Chair

Self Employed Manager

Fourteen Years State Electricity Commission, Two Years Restaurateur, Ten Years President Inverloch Tourism Association, Four Years President Inverloch Food & Wine Fest, Four Years Leadership Group Member Inverloch Community Planning, twenty-one Years Owner Operator Inverloch Supermarket.

Special responsibilities: Finance Audit & Governance and Business Development & Marketing Committees

Interest in shares: 5,000

Tristan Andrew Creed

Treasurer

Accountant

Chartered Accountant & Tax Agent. Director of Feathertop Pty Ltd. Director of Imporex Pty Ltd. Director of Armacell Australia Pty Ltd. Bachelor of Business (Accountancy). Graduate Diploma (CA).

Special responsibilities: Finance Audit & Governance and Business Development & Marketing Committees

Interest in shares: 5,001

Susan Joy Ruffin

Director

Lawyer

BA (Honours) LLB

Special responsibilities: Finance Audit & Governance Committee

Interest in shares: Nil

Alisha Dee Gilliland

Director

Local Government

Graduate Diploma Management (Technology Management) - Deakin University. Bachelor Health Science (Complementary Medicine) - Charles Sturt University. Bachelor Applied Science (Environmental Health) - Swinburne University.

Special responsibilities: Finance Audit & Governance and Business Development & Marketing Committees

Interest in shares: Nil

# Inverloch & District Financial Enterprises Limited

## Directors' Report

### **Directors (*continued*)**

Kerralie Joy Shaw

Director

Marketing Strategy Consultant

Director of KK Insights Pty Ltd. Bachelor of Arts, Graduate Diploma Market Modelling, Graduate Australian Institute of Company Directors. Marketing career focusing on consumer buying behaviour in almost all B2C categories. Active member of Inverloch Surf Lifesaving Club.

Special responsibilities: Chair of Business Development & Marketing Committee

Interest in shares: Nil

Mark Gerard McCormack

Secretary (*Appointed 1 August 2018*)

Civil Engineer

Experience and expertise: Bachelor of Civil Engineering, Fellow Institute of Engineers Australia (Eng Exec), Chartered Professional Engineer (CPEng), Engineer of Water Supply, Graduate Australian Institute of Company Directors. Over 30 years of experience in engineering and management roles in State Rivers and Water Supply, Mornington Peninsula WaterBoard and Melbourne Water. Various senior executive roles in South East Water. Life member of Forest Hill Cricket Club. Previous positions, committee and association roles in Little Athletics and local football clubs.

Special responsibilities: Nil

Interest in shares: Nil

Graham Fitton

Director (*Appointed 1 May 2019*)

Occupation: Business Coach

Bachelor of Science Graduate, Diploma of Business Administration, Graduate Diploma in Business (Labour/ Management Relations). Corporate Directors Diploma. Previous executive positions Metropolitan Ambulance Service. Program manager, consultant, mentor and business coach, currently operating as The Local Business Network - Bass Coast and South Gippsland based in Inverloch. Member of Inverloch Rotary Club. President Wonthaggi Business and Tourism Association.

Special responsibilities: Chair of Finance, Audit & Governance Committee

Interest in shares: Nil

Dirk Minne Holwerda

Director (*Resigned 1 June 2019*)

Retired

Senior executive positions in Local Government, Water Industry and Catchment Management specialising in finance, risk management, communication and corporate services. Involved in elections management for Federal, State and Local Government. Heavily involved in State & local table tennis.

Dirk was assisting the board review its risk management. This included a review of policies, procedures and manuals.

Special responsibilities: Nil

Interest in shares: Nil

# Inverloch & District Financial Enterprises Limited

## Directors' Report

### Directors (*continued*)

Alan Keith Gostelow

Director (*Resigned 21 June 2019*)

Company Director & Business Consultant

Ex-Army Officer and senior manager of several businesses, as well as CEO for three Companies. Graduate Diplomas in Business Administration and Health Administration as well as Company Directors Diploma. Former Company Secretary for three Companies. Currently Community Advisor for Bendigo & Adelaide Bank Limited. Former Director, Chair of the Governance Committee and member of the Audit Committee for Phillip Island Nature Parks. Former member of Several Rotary Clubs and Former Chairman of the Powerboat Division, Yachting Victoria.

Special responsibilities: Finance Audit & Governance and Business Development & Marketing Committees

Interest in shares: 501

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

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

### Company Secretary

The company secretary is Mark McCormack. Mark was appointed to the position of secretary on 5 December 2018 following the resignation of Alan Gostelow.

Mark holds a Bachelor of Civil Engineering, Fellow Institute of Engineers Australia (Eng Exec), Chartered Professional Engineer (CPEng), Engineer of Water Supply, Graduate Australian Institute of Company Directors. Mark has over 30 years of experience in engineering and management roles in State Rivers and Water Supply, Mornington Peninsula Water Board, Melbourne Water and South East Water including a number of executive roles. Life member of local cricket club having undertaken various committee positions. Mark has previously held positions, committee and association roles in Little Athletics and local football clubs.

Alan is an ex-Army Officer and senior manager of several businesses, as well as CEO for three Companies. Graduate Diplomas in Business Administration and Health Administration as well as Company Directors Diploma. Former Company Secretary for three Companies. Currently Community Advisor for Bendigo & Adelaide Bank Limited. Former Director, Chair of the Governance Committee and member of the Audit Committee for Phillip Island Nature Parks. Former member of Several Rotary Clubs and Former Chairman of the Powerboat Division, Yachting Victoria.

### 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
\$	\$
83,670	71,513

# Inverloch & District Financial Enterprises Limited

## Directors' Report

### Operating and financial review

The company is a franchisee of Bendigo & Adelaide Bank Limited providing financial products and services to individuals, businesses and organisations throughout the local area via the Inverloch & District **Community Bank®** branch. While the branch offers the full suite of Bendigo & Adelaide Bank products and services, margin earnings from firstly loans and then deposits are the predominant contributor to company results.

The net profit after tax result for the 2018/19 financial year improved over that of the prior year by \$12,157 to \$83,670. Business at the completion of the period at \$100.7m, leaving the company lower than the prior year. Income (\$) per \$m of business per month continued to decline with average of \$505 compared with results for 2017/18 with average income of \$510. Notwithstanding these indicators, the year-end profit before tax of \$117,118 and a profit margin of 12.7% compared with \$98,637 and a margin of 10.4% for the previous year.

The general nature of the business market for the company remains challenging and issues commented upon for the prior three financial years continue to persist. The company continues to endure historically low cash rates set by the Reserve Bank of Australia that have resulted in a corresponding decline in interest paid on deposit accounts, continuing the trend of lower than anticipated margins for this product group. Moreover, the market competition for home and other loans has made it difficult to achieve budgeted targets. The company continues to encourage staff to actively pursue new customers and product offerings to offset the intense competition from major financial service providers in the marketplace.

### Financial Position

The company continued to improve profitability for the 2018/19 financial year with lower revenues offset by tighter cost control and as a result, the financial position of the company has also improved and remains relatively strong. Containment of costs during a period of lower margins remains a strong focus.

The cash and cash equivalents position of the company improved for the reporting year by \$75,616 for a year-end balance of \$709,955. Net assets at the end of the period were \$803,276 or \$34,919 more than the corresponding period for the prior year.

### Business Strategies

To address the current stage of development of the business and in recognition of the current financial circumstances, both in the economy and the observed impact upon the Bendigo profit share model, the Board has determined to continue the focus upon five broad directions:

1. Strengthening our connection and level of engagement between important stakeholders and partners.
2. Strengthening our Directors role in our business structure and key customer and community segments.
3. Defining our future board skill and diversity mix and a structure that will deliver our Strategic Plan.
4. Focussing our business on the most profitable growth opportunities using our own local marketing plans.
5. Planning to achieve our future business performance expectations.

# Inverloch & District Financial Enterprises Limited

## Directors' Report

### Operating and financial review *(continued)*

#### Future Prospects

The company believes that there are opportunities to develop additional revenue through:

1. Acquiring additional customers through greater community based events and a focus on local businesses.
2. Improving the range and number of products and services, such as insurance, for each customer.

The company anticipates that current market conditions will remain challenging during the forthcoming financial year. In this environment the company will focus upon increasing the number of customers and the uptake of products and services, thereby further improving revenue flow and profitability.

### Remuneration report

Directors' remuneration

No Director receives remuneration for services as a Company Director or Committee Member.

There are no employees who are directly accountable and have responsibility for the strategic direction and operation management of the entity.

There are therefore no specified Executives whose remuneration requires disclosure.

Transactions with directors

\$

Tristan Andrew Creed received remuneration for accounting services carried out by Feathertop Business Services.

15,535

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Philip David Clark ( <i>Appointed 5 July 2018</i> )	-	-	-
Domenic Anthony Brusamarello	5,000	-	5,000
Tristan Andrew Creed	4,000	1,001	5,001
Susan Joy Ruffin	-	-	-
Alisha Dee Gilliland	-	-	-
Kerralie Joy Shaw	-	-	-
Mark Gerard McCormack ( <i>Appointed 1 August 2018</i> )	-	-	-
Graham Fitton ( <i>Appointed 1 May 2019</i> )	-	-	-
Dirk Minne Holwerda ( <i>Resigned 1 June 2019</i> )	-	-	-
Alan Keith Gostelow ( <i>Resigned 21 June 2019</i> )	501	-	501

# Inverloch & District Financial Enterprises Limited

## Directors' Report

### **Community Bank® Directors' Privileges Package**

The board has not adopted the **Community Bank®** Directors' Privileges Package. The package is available to all directors, who can elect to avail themselves of the benefits based on their personal banking with the **Community Bank®** branch at Inverloch. There is no requirement to own BEN shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The total benefits received by the directors from the Directors' Privilege Package are \$nil for the year ended 30 June 2019 (2018 \$nil).

Dividends	Year ended 30 June 2019	
	Cents	\$
Dividends paid in the year	6.5	48,751

### **Significant changes in the state of affairs**

During the financial year, the franchisor, Bendigo & Adelaide Bank Limited, sold its financial planning business to an external entity. As a result, the revenue received from financial planning business earned by the company is expected to decrease. The current assessment indicates a decrease in revenue of up to 5% in the 2019/20 financial year.

In the opinion of the directors there were no other 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.

### **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.

# Inverloch & District Financial Enterprises Limited

## Directors' Report

### 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			
	A	B	Business Development & Marketing		Finance, Audit and Governance	
	A	B	A	B	A	B
Philip David Clark ( <i>Appointed 5 July 2018</i> )	10	8	-	-	1	1
Domenic Anthony Brusamarello	11	9	7	3	2	1
Tristan Andrew Creed	11	11	7	7	2	2
Susan Joy Ruffin	11	8	-	-	2	1
Alisha Dee Gilliland	11	9	7	2	-	-
Kerralie Joy Shaw	11	10	7	7	-	-
Mark Gerard McCormack ( <i>Appointed 1 August 2018</i> )	10	10	-	-	-	-
Graham Fitton ( <i>Appointed 1 May 2019</i> )	2	2	-	-	1	1
Dirk Minne Holwerda ( <i>Resigned 1 June 2019</i> )	11	8	-	-	1	1
Alan Keith Gostelow ( <i>Resigned 21 June 2019</i> )	11	9	7	5	2	1

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*.



# Inverloch & District Financial Enterprises Limited

## Directors' Report

### 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 finance, audit and governance committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

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

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

### 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 9.

Signed in accordance with a resolution of the board of directors at Inverloch, Victoria on 9 September 2019.



Philip David Clark, Chair

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

As lead auditor for the audit of Inverloch & District Financial 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: 9 September 2019



**Joshua Griffin**  
**Lead Auditor**

Inverloch & District Financial Enterprises Limited  
Statement of Profit or Loss and Other  
Comprehensive Income  
for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	659,536	692,264
Employee benefits expense		(310,765)	(326,718)
Charitable donations, sponsorship, advertising and promotion		(15,536)	(35,578)
Occupancy and associated costs		(66,865)	(73,577)
Systems costs		(19,649)	(19,330)
Depreciation and amortisation expense	5	(19,480)	(19,682)
Finance costs	5	(1)	-
General administration expenses		(110,122)	(118,742)
<b>Profit before income tax expense</b>		<b>117,118</b>	<b>98,637</b>
Income tax expense	6	(33,448)	(27,124)
<b>Profit after income tax expense</b>		<b>83,670</b>	<b>71,513</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>83,670</b>	<b>71,513</b>
<b>Earnings per share</b>		¢	¢
Basic earnings per share	20	11.16	9.53

The accompanying notes form part of these financial statements

# Inverloch & District Financial Enterprises Limited

## Balance Sheet

as at 30 June 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	709,955	634,339
Trade and other receivables	8	19,709	35,712
<b>Total current assets</b>		<b>729,664</b>	<b>670,051</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	55,436	61,330
Intangible assets	10	58,978	72,564
<b>Total non-current assets</b>		<b>114,414</b>	<b>133,894</b>
<b>Total assets</b>		<b>844,078</b>	<b>803,945</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	16,919	16,853
Current tax liabilities	11	16,438	9,681
<b>Total current liabilities</b>		<b>33,357</b>	<b>26,534</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	11	7,445	9,054
<b>Total non-current liabilities</b>		<b>7,445</b>	<b>9,054</b>
<b>Total liabilities</b>		<b>40,802</b>	<b>35,588</b>
<b>Net assets</b>		<b>803,276</b>	<b>768,357</b>
<b>EQUITY</b>			
Issued capital	13	729,547	729,547
Retained earnings	14	73,729	38,810
<b>Total equity</b>		<b>803,276</b>	<b>768,357</b>

The accompanying notes form part of these financial statements

# Inverloch & District Financial Enterprises Limited

## Statement of Changes in Equity

for the year ended 30 June 2019

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2017</b>		729,547	16,048	745,595
Total comprehensive income for the year		-	71,513	71,513
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	19	-	(48,751)	(48,751)
<b>Balance at 30 June 2018</b>		<b>729,547</b>	<b>38,810</b>	<b>768,357</b>
<b>Balance at 1 July 2018</b>		729,547	38,810	768,357
Total comprehensive income for the year		-	83,670	83,670
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	19	-	(48,751)	(48,751)
<b>Balance at 30 June 2019</b>		<b>729,547</b>	<b>73,729</b>	<b>803,276</b>

The accompanying notes form part of these financial statements

# Inverloch & District Financial Enterprises Limited

## Statement of Cash Flows

for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		725,390	741,292
Payments to suppliers and employees		(588,872)	(654,444)
Interest received		16,150	16,542
Interest paid		(1)	-
Income taxes paid		(28,300)	(16,336)
<b>Net cash provided by operating activities</b>	15	<b>124,367</b>	<b>87,054</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		-	(2,708)
<b>Net cash used in investing activities</b>		<b>-</b>	<b>(2,708)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	19	(48,751)	(48,751)
<b>Net cash used in financing activities</b>		<b>(48,751)</b>	<b>(48,751)</b>
<b>Net increase in cash held</b>		<b>75,616</b>	<b>35,595</b>
Cash and cash equivalents at the beginning of the financial year		634,339	598,744
<b>Cash and cash equivalents at the end of the financial year</b>	7(a)	<b>709,955</b>	<b>634,339</b>

The accompanying notes form part of these financial statements

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**a) Basis of preparation**

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

*Compliance with IFRS*

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

*Critical accounting estimates*

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

*Historical cost convention*

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

*Comparative figures*

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

*Application of new and amended accounting standards*

There are 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.

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**a) Basis of preparation (*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 \$530,262.



# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

---

**a) Basis of preparation (continued)***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 Inverloch, 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.

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:

- 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).

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**b) Revenue (*continued*)***Revenue calculation*

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

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

*Core banking products*

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

*Margin*

Margin is arrived at through the following calculation:

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

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

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

*Commission*

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

*Fee income*

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

*Discretionary financial contributions*

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

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

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

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

---

**b) Revenue (*continued*)***Ability to change financial return*

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

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

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

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**c) Income tax (*continued*)***Deferred tax (continued)*

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

*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

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**h) Intangibles**

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

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

**i) Payment terms**

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

**j) Borrowings**

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

**k) Financial instruments***Recognition and initial measurement*

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

Financial instruments (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).

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

---

**k) Financial instruments (*continued*)***(ii) Financial assets (continued)*

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

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

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

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

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

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

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

*Derecognition**(i) Derecognition of financial liabilities*

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

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

*(ii) Derecognition of financial assets*

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

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

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**k) Financial instruments (*continued*)***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.

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.

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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**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.

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.



# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

### 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 & Adelaide Bank Limited receivable as at 30 June 2019.

#### *Expected credit loss assessment for other customers*

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

#### (iv) Liquidity risk

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

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

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

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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*Expected credit loss assessment for other customers (continued)**(vi) Capital management*

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

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

The distribution limit is the greater of:

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

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

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

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**Note 3. Critical accounting estimates and judgements**

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

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

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

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

*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.

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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

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### *Taxation (continued)*

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.

### *Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

### *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.

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 4. Revenue from ordinary activities</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
- gross margin	533,775	561,567
- services commissions	41,899	33,820
- fee income	37,117	47,487
- market development fund	25,000	25,000
- ATM income	6,550	-
Total revenue from operating activities	<u>644,341</u>	<u>667,874</u>
Non-operating activities:		
- interest received	15,195	14,670
- other revenue	-	9,720
Total revenue from non-operating activities	<u>15,195</u>	<u>24,390</u>
Total revenues from ordinary activities	<u>659,536</u>	<u>692,264</u>

<b>Note 5. Expenses</b>		
Depreciation of non-current assets:		
- plant and equipment	2,610	2,812
- leasehold improvements	3,284	3,284
Amortisation of non-current assets:		
- franchise agreement	2,264	2,264
- franchise renewal fee	11,322	11,322
	<u>19,480</u>	<u>19,682</u>
Finance costs:		
- interest paid	<u>1</u>	<u>-</u>
Bad debts	<u>170</u>	<u>577</u>

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 6. Income tax expense</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
The components of tax expense comprise:		
- Current tax	35,057	23,422
- Movement in deferred tax	(1,609)	3,702
	<u>33,448</u>	<u>27,124</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows		
Operating profit	117,118	98,637
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	32,207	27,124
Add tax effect of:		
- non-deductible expenses	1,238	-
- timing difference expenses	1,612	(3,702)
	<u>35,057</u>	<u>23,422</u>
Movement in deferred tax	(1,609)	3,702
	<u>33,448</u>	<u>27,124</u>
<b>Note 7. Cash and cash equivalents</b>		
Cash at bank and on hand	139,955	19,339
Term deposits	570,000	615,000
	<u>709,955</u>	<u>634,339</u>
<b>Note 7.(a) Reconciliation to cash flow statement</b>		
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	139,955	19,339
Term deposits	570,000	615,000
	<u>709,955</u>	<u>634,339</u>
<b>Note 8. Trade and other receivables</b>		
Trade receivables	8,361	23,780
Prepayments	8,878	8,507
Other receivables and accruals	2,470	3,425
	<u>19,709</u>	<u>35,712</u>

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 9. Property, plant and equipment</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Leasehold improvements		
At cost	114,583	114,583
Less accumulated depreciation	(71,447)	(68,163)
	<u>43,136</u>	<u>46,420</u>
Plant and equipment		
At cost	56,219	56,219
Less accumulated depreciation	(43,919)	(41,309)
	<u>12,300</u>	<u>14,910</u>
Total written down amount	<u>55,436</u>	<u>61,330</u>
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	46,420	49,704
Additions	-	-
Disposals	-	-
Less: depreciation expense	(3,284)	(3,284)
Carrying amount at end	<u>43,136</u>	<u>46,420</u>
Plant and equipment		
Carrying amount at beginning	14,910	15,014
Additions	-	2,708
Disposals	-	-
Less: depreciation expense	(2,610)	(2,812)
Carrying amount at end	<u>12,300</u>	<u>14,910</u>
Total written down amount	<u>55,436</u>	<u>61,330</u>
<b>Note 10. Intangible assets</b>		
Franchise fee		
At cost	32,867	32,867
Less: accumulated amortisation	(28,954)	(26,690)
	<u>3,913</u>	<u>6,177</u>
Renewal processing fee		
At cost	114,337	114,337
Less: accumulated amortisation	(94,772)	(83,450)
	<u>19,565</u>	<u>30,887</u>
Goodwill on purchase of agency		
At cost	<u>35,500</u>	<u>35,500</u>
Total written down amount	<u>58,978</u>	<u>72,564</u>

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 11. Tax</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Current:</b>		
Income tax payable	<u>16,438</u>	<u>9,681</u>
<b>Non-current:</b>		
Deferred tax assets		
- accruals	<u>1,072</u>	<u>1,072</u>
	<u>1,072</u>	<u>1,072</u>
Deferred tax liability		
- accruals	<u>679</u>	<u>942</u>
- property, plant and equipment	<u>7,838</u>	<u>9,184</u>
	<u>8,517</u>	<u>10,126</u>
Net deferred tax liability	<u>(7,445)</u>	<u>(9,054)</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(1,609)</u>	<u>3,702</u>

<b>Note 12. Trade and other payables</b>		
Trade creditors	8,158	8,710
Other creditors and accruals	8,761	8,143
	<u>16,919</u>	<u>16,853</u>

<b>Note 13. Issued capital</b>		
750,010 ordinary shares fully paid (2018: 750,010)	750,010	750,010
Less: equity raising expenses	(20,463)	(20,463)
	<u>729,547</u>	<u>729,547</u>

Rights attached to shares

**(a) Voting rights**

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

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

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

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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### Note 13. Issued capital (*continued*)

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Rights attached to shares (*continued*)

(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 any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 187. As at the date of this report, the company had 197 shareholders.

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

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

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

The National Stock Exchange (NSX) has advised that in its view the prohibited shareholding provisions are appropriate and equitable but the 'base number test' is not, as a result the base number clause does not operate whilst the company remains listed on the NSX.

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.



# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 14. Retained earnings</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the financial year	38,810	16,048
Net profit from ordinary activities after income tax	83,670	71,513
Dividends provided for or paid	(48,751)	(48,751)
Balance at the end of the financial year	<u>73,729</u>	<u>38,810</u>

### **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	83,670	71,513
Non cash items:		
- depreciation	5,894	6,096
- amortisation	13,586	13,586
Changes in assets and liabilities:		
- (increase)/decrease in receivables	16,003	(793)
- increase/(decrease) in payables	66	(14,136)
- increase/(decrease) in current tax liabilities	5,148	10,788
Net cash flows provided by operating activities	<u>124,367</u>	<u>87,054</u>

### **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	45,129	44,223
- between 12 months and 5 years	33,846	77,390
	<u>78,975</u>	<u>121,613</u>

The branch premises lease is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The current lease expires on 25 March 2021, with options for two future terms of five years each, to be exercised three months prior to the expiry date.

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 17. Auditor's remuneration</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	5,700	5,600
- share registry services	2,250	3,494
- non audit services	2,988	3,110
	<u>10,938</u>	<u>12,204</u>

### **Note 18. Director and related party 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.

#### **Transactions with Key Management Personnel**

Tristan Andrew Creed received remuneration for accounting services carried out by Feathertop Business Services.

15,535	15,535
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#### **Key Management Personnel Shareholdings**

<b>2019</b>	<b>2018</b>
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Ordinary shares fully paid

10,502	9,501
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Detailed shareholding disclosures are provided in the remuneration report, included as part of the directors' report.

<b>Note 19. Dividends provided for or paid</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>a. Dividends paid during the year</b>		
Current year dividend		
100% franked dividend - 6.5 cents (2018: 6.5 cents) per share	<u>48,751</u>	<u>48,751</u>

The tax rate at which dividends have been franked is 27.5% (2018: 27.5%).

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

<b>Note 19. Dividends provided for or paid (<i>continued</i>)</b>		<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>b. Franking account balance</b>			
Franking credits available for subsequent reporting periods are:			
-	franking account balance as at the end of the financial year	20,174	10,366
-	franking credits that will arise from payment of income tax as at the end of the financial year	16,438	9,681
-	franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:		36,612	20,047
-	franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available		<u>36,612</u>	<u>20,047</u>

<b>Note 20. Earnings per share</b>			
(a)	Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	83,670	71,513
		<b>Number</b>	<b>Number</b>
(b)	Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	750,010	750,010

### **Note 21. 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 22. Contingent liabilities and contingent assets**

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

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

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### Note 23. Segment reporting

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

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### Note 24. Registered office/Principal place of business

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

Registered Office	Principal Place of Business
16C Williams Street Inverloch Vic 3996	16C Williams Street Inverloch Vic 3996

# Inverloch & District Financial Enterprises Limited

## Notes to the Financial Statements

for the year ended 30 June 2019

### Note 25. 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	139,955	19,339	105,000	615,000	465,000	-	-	-	-	-	2.37	2.52
Receivables	-	-	-	-	-	-	-	-	8,361	23,780	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	8,158	8,710	N/A	N/A

#### Net Fair Values

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

#### Credit Risk

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

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

#### Interest Rate Risk

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

#### Sensitivity Analysis

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

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

	2019	2018
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	7,100	6,343
Decrease in interest rate by 1%	(7,100)	(6,343)
Change in equity		
Increase in interest rate by 1%	7,100	6,343
Decrease in interest rate by 1%	(7,100)	(6,343)

# Inverloch & District Financial Enterprises Limited

## Directors' Declaration

In accordance with a resolution of the directors of Inverloch & District Financial 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.



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Philip David Clark, Chair

Signed on the 9th of September 2019.

## **Independent auditor's report to the members of Inverloch & District Financial Enterprises Limited**

### **Report on the audit of the financial report**

#### **Our opinion**

In our opinion, the accompanying financial report of Inverloch & District Financial 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 on that date; and
- ii. complying with Australian Accounting Standards.

#### **What we have audited**

Inverloch & District Financial 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.

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.

### **Report on the remuneration report**

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Inverloch & District Financial Enterprises Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no key audit matters to disclose for the 30 June 2019 audit.

### **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: 9 September 2019



**Joshua Griffin**  
Lead Auditor



Taxation

Business Services

Community Banking

Audit

Share Registry

Your partners  
**in success**



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