

# Annual Report 2019

Manningham Community Enterprises Limited

Doncaster East and Templestowe Village  
Community Bank branches

ABN 69 101 174 270



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# Chairman's report

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For year ending 30 June 2019

Banking is our business...Community is our focus.

Our Doncaster East and Templestowe Village Community Bank branches have again thrived during 2018/19 in what continues to be a very tough market with competition increasing and government regulation tightening.

The relationships with local community organisations that we have built over many years have continued to bear fruit. We further continue to experience growth that results from the amazing commitment of our managers and staff as well as the input that our Board continues to provide in terms of constant reinforcement of our business model through attendance at a significant number of community events.

All of our stakeholders should be proud of the work that their Board and staff undertake throughout the year to improve the bottom line of this amazing company. Attendance and presentations at functions and events run by Council, community organisations and sporting clubs is at an all time high and continues to place our brand in front of a huge number of people every week.

Our financial contribution to the Manningham community reached an all time high in 2018/19 with a remarkable \$522,000 being allocated to community support through sponsorships and Community Enterprise Foundation™ grants.

Whilst 2018/19 has been another year of growth, we are focused on further developing our business. We will continue to work hard to promote our brand to existing customers whilst looking for every opportunity to entice new business to at least see us as a viable alternative to their existing bankers and to give us the opportunity to be a part of their thinking when they are looking to do any form of banking business.

## **Business volume**

The year has seen our combined business volume across the two branches grow by \$6.1 million to \$412.1 million at 30 June 2019 which is a 1.5% increase on the 30 June 2018 figure.

The Doncaster East Community Bank Branch reduced by \$9.4 million or 3.4% whilst the Templestowe Village Community Bank Branch grew by \$15.5 million or 11.9%.

The ratio of deposits to loans of 60%/40% at Doncaster East (2018: 60%/40%) and 43%/57% at Templestowe Village (2018: 43%/57%) has remained consistent with last year and continues to accentuate the different product demand in each branch and therefore the different marketing approach required to address those market needs. Overall, the ratio of deposits to loans of 55%/45% as at June 2019 has not altered from June 2018 where the ratio was also 55%/45%.

## **Financial results**

Whilst the 2018/19 saw only a \$6.1 million or 1.5% increase in business footings, our operating result increased by \$23,082 or 7.08% from \$325,956 to \$349,038 and our revenue increased by 6.16% to \$2.683 million. The fact that the increase in revenue and operating profit is greater than the increase in business volume reflects a significantly improved margin income environment.

Management of general operating expenses has continued to be a focus again this year with total expenses increasing by \$132,506 or 6.02% with charitable donations, sponsorship, advertising and promotion expenses accounting for \$81,512 of that expense increase.

# Chairman's report (continued)

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## **Community Enterprise Foundation™ grants**

Our Community Enterprise Foundation™ grant funding to be allocated during 2018/19 totaled \$341,351 and brought the total contribution to our local community from the Community Enterprise Foundation™ to \$1.864 million.

We were delighted to select 22 local community groups and not-for-profit organisations to receive these grants at our '4 Million Reasons' Gala Dinner on 31 July 2019.

These grants will be presented to organisations supporting programs for domestic violence prevention, disability support, social responsibility, job skills, aged, youth and the disadvantaged in our community.

Directors, shareholders, staff and our customers should feel very proud of what a difference these funds are making to our Manningham community.

My thanks go to the members of the Community Enterprise Foundation™ Committee, Chairperson Carly Kluge, Jim Christie, Geoff Roberts, Paul Thompson and Chris Cahir.

## **Our staff**

Our staff continue to astound us with their professionalism, commitment, expertise, passion and willingness to go above and beyond for both our customers and our community.

They continue to be our point of difference and provide our customers, community partners and wider community with first class service and for that they deserve our sincere appreciation and thanks.

The leadership provided by Senior Manager, Paul Thompson and Templestowe Village Community Bank Branch Manager, Chris Cahir throughout 2018/19 has been exemplary and they have continued to make customers their number one priority and growing the business their focus.

On behalf of all Board Directors and associates, I would like to acknowledge their outstanding efforts and their continued support of our wonderful company, Manningham Community Enterprises Limited (MCEL).

During 2017/18, Chris Cahir was seconded to our Regional Office for a short period and whilst that was a wonderful reflection on the caliber of Manager that Chris has become, it has also now lead to Chris being promoted to a Regional Manager position within Bendigo and Adelaide Bank Limited itself. We wish Chris the very best fortune in this new role and thank him most sincerely for seven sensational years leading the team at Templestowe Village and being part of the MCEL family.

## **Your Board**

My sincere appreciation goes to your 2018/19 Board of Directors – Geoff Roberts (Vice Chair), Ray Barrington, Darren Bourke, Jim Christie, Rod Davitt, Simon Lewis, Brad Dodemond, Deirdre Diamante and Victoria Paouros (Company Secretary) together with our Board Associates Nick Furlong, Max Chapman and Nathaniel Low.

The commitment, expertise, passion, dedication and professionalism of each and every Board member never ceases to amaze me and is the reason why our company is so successful and an outstanding example of what the Community Bank model can achieve.

During the year we saw the retirement from the Board of Chris Potter and Nicky White; with Chris Potter relocating to Darwin for business reasons and Nicky White travelling overseas for an extended period.

Chris provided valuable input to our Governance Committee during his relatively short time on our Board and we thank him for his dedicated service to MCEL during that time.

Nicky White served on our Board for six years as Treasurer and provided our company with timely and accurate financial information that enabled decision making based on quality information. Nicky was also a passionate supporter of the Manningham community and was always willing to give of her time to support our community efforts.

# Chairman's report (continued)

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## **Marketing & Sponsorship Committee**

The Marketing and Sponsorship Committee of Carly Kluge, Darren Bourke, Ray Barrington, Victoria Paouros, Paul Thompson, Chris Cahir and Lisa Jones and lead by Geoff Roberts has worked extremely hard to provide marketing support to the branch teams to ensure that every opportunity was taken to enhance our brand in the local community. We also continue to work with our community partners to maximise our impact within our existing support base.

Our thanks go to Carly Kluge for again bringing her marketing expertise to our organisation. Carly's skills and experience have provided a hugely valuable resource that we would be unable to access were it not for her significant input to MCEL and on behalf of all Board members I thank her sincerely for everything that she brings to us.

## **Human Resources Committee**

The Human Resources Committee of Geoff Roberts, Ray Barrington, Brad Dodemond and Paul Thompson and lead by Simon Lewis has continued to focus on developing and supporting our people. In a year where there have been a number of resourcing matters to be dealt with, the Human Resources Committee has been able to work very closely with the branch managers to resolve these issues cooperatively and to everyone's satisfaction.

I would like to acknowledge the work of the HR Committee, the leadership of Simon Lewis and the commitment of our Managers to work co-operatively to solve issues whilst also focusing on business development.

## **Governance Committee**

The Governance Committee of Jim Christie, Rod Davitt, Brad Dodemond, Victoria Paouros, Nick Furlong and lead by Deirdre Diamante provided a superb framework for the strategic management of the company during 2018/19.

The ongoing review of corporate policies and the assessment of the Board's Skills Matrix together with preparation for a review of the company's Strategic Plan and a re-design of the timetable for addressing governance matters were key developments during the year and will leave us ready to further improve our governance standards in 2019/20.

## **Finance Committee**

Under the leadership of Rod Davitt, the Finance Committee has worked to ensure that our Bookkeeper has been supported in her task of providing timely and accurate financial information to the Board. The rigor applied to the budgeting process and the monthly review of financials prior to the completion of the reporting process, has also ensured that the Board is receiving monthly variance reporting based on an ever improving budget integrity and financial accuracy, which enhances the validity of financial analysis.

Thanks must go to Chair, Rod Davitt, Pam Tremlett, Jim Christie, Geoff Roberts, Max Chapman, Nick Furlong and Paul Thompson. The work this Committee does and the provision of timely and accurate financial reports is critical to the good governance of the business.

A special mention must be made of the contribution of Pam Tremlett to our organisation after the resignation of Nicky White as our Board Treasurer. Pam has established outstanding financial processes for our company and the integrity of our financial data is due in large part to her attention to detail and determination to provide our Board with appropriate, accurate and timely information. The thanks of all Board members and staff goes to Pam.

## **Youth Engagement Committee**

The Youth Engagement Committee has continued with its Young Changemakers Program which has been run in conjunction with East Doncaster Secondary College and is aimed at developing project management skills and community engagement amongst the Secondary School age cohort.

The Youth Engagement Committee lead by Victoria Paouros and supported by Brad Dodemond and Nick Furlong are to be acknowledged for their commitment and involvement in this developing aspect of our business.

# Chairman's report (continued)

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## **The coming year**

Our relationship with Bendigo and Adelaide Bank Limited remains very strong at both the Head Office and Regional level and we will continue to develop that relationship for the betterment of our company and the Community Bank model at large.

There is no doubt that we are well placed to be the bank of choice for our local community and we are well structured as a company to continue to increase our business volumes. We will continue to forge strong relationships with our community partners, and this will open the door to conversations about our support for them being reciprocated.

In addition, we have a Board that is committed to growth and good governance so that everything we do is aimed at ensuring that we increase our bottom line and as a consequence, the return that we give to our shareholders and our local community.

Your Board and staff will continue to work tirelessly for Doncaster East and Templestowe Village Community Bank branches and all we ask in return is that you also take every opportunity to advocate on our behalf because it is through business growth that we provide a return to shareholders and to the local community.

Finally, I want to acknowledge all of my fellow Board members and our staff as it is their hard work, enthusiasm, passion, commitment and professionalism that makes being a part of this amazing banking model so rewarding and such a privilege.



**Ian Goldsmith**  
**Chairman**



# Senior Manager's report

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For year ending 30 June 2019

Doncaster East Community Bank Branch has now been operating for sixteen financial years, a significant milestone in the life of any business.

2018/19 has proven to be the most difficult of these years due to a combination of factors which include: sustained record low interest rates, the Financial Services Royal Commission and decreasing demand in the property market. As a result of these obstacles, the branch footings decreased by \$9.4 million, primarily due to the loss of deposits totalling \$12.3 million.

Total business volume of \$266 million as at 30 June 2019 were supported by 4,089 customers which strongly demonstrates the significant community support that we continue to receive.

As I have said in the past, our customers are to be applauded for this support of Doncaster East Community Bank Branch as in doing so, they directly contribute to our ability to support our community in return, thus allowing our stakeholders to realise their aspirations.

I would like to acknowledge the support and hard work of my team: Lisa Jones, Catherine Dole, Kerryn Parkes, Tina O'Shea and Marilyn Peters, who joined us in March this year.

To have continuity of staff who approach their roles with diligence and who respond to the needs of all customers in a positive and professional manner, is warmly welcomed. Their consistently high levels of customer service since we opened our branch has set an exemplary standard and should be applauded.

I would further like to congratulate and thank our Board on its development and maintenance of strong community engagement, particularly in relation to its approach to community grants and sponsorship. This has strongly assisted in our Board and staff's active involvement in local community initiatives which, in turn, translates to ongoing positive interaction with our customers.

As we move forward from a difficult financial period, I would like to reiterate our key message:

Please continue to spread the word to ensure that the people who live and work in  
your area, also conduct their banking in our branches. Increased awareness  
creates increased banking opportunities.

I look forward to the coming year which will again be challenging. However, working in conjunction with our Templestowe Village Community Bank Branch, we will continue to provide professional banking opportunities and services for the broader Manningham community.

Please continue to play your part in the growth of Doncaster East and Templestowe Village Community Bank branches.



**Paul Thompson**  
**Senior Manager**

# Templestowe Village Manager's report

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For year ending 30 June 2019

The 2018/19 year was one of significant upheaval in the banking industry. The Financial Services Royal Commission, multiple shifts in the regulatory environment, a cooling property market and a federal election, cumulatively created a recipe for a tough year.

Pleasingly however, Templestowe Village Community Bank Branch was able to navigate this uncertainty and record a strong year of footings growth. This was a result of the continued high levels of satisfaction enjoyed by our customers, regular business development activity and a loyal and growing network.

In a low growth environment, opportunity was generated through our network as well as positive feedback from the Royal Commission and a strong business banking book. At the end of the financial year, business footings were close to a milestone figure of \$150 million representing close to \$20 million growth for the year split evenly across deposits and lending.

We welcomed Lauren Bagala back into the Customer Relationship Manager role in the branch after a year of maternity leave and Michelle Ellard came back from our Doncaster East branch into the Customer Relationship Officer role.

Ming Fu has faced challenges of his own in his market space, however, he continues to devise strategies to ensure he sets himself up for a successful 2019/20. Cath and Kim on the front desk continue to be the face of the branch and it is always a pleasure to hear the interactions they have on a daily basis with our customers.

Senior Manager, Paul Thompson and the Board's willingness to support the branch's operational strategy has been vital to its performance, and I thank them for continuing to do so.

Sadly, the 2018/19 financial year is my last with Manningham Community Enterprises Limited (MCEL) as I have taken up an opportunity as a Regional Manager with Bendigo and Adelaide Bank Limited.

I have enjoyed my time at Templestowe Village immensely over the past seven years. We faced numerous challenges and some hard truths early on, but together the team has worked diligently to make sure that Templestowe Village Community Bank Branch is a key contributor to the Manningham community and MCEL's overall success.

There are too many people to list, so thank you to all staff, Directors, shareholders and of course customers for helping the Templestowe Village Community Bank Branch become one of the most successful and admired in the state. I look forward to following the future continued success of MCEL over the coming years.



**Chris Cahir**  
**Branch Manager**





▲ We joined Doncare for the 50th year anniversary celebrations. Chairman Ian Goldsmith and Vice Chairman Geoff Roberts pictured with Doncare CEO Doreen Stoves.



▲ This year we farewelled Templestowe Branch Manager Chris Cahir, who accepted a role as Regional Manager with Bendigo and Adelaide Bank Limited. Chris is pictured with Senior Branch Manager Paul Thompson and members of the Templestowe Village team.



▲ AFL legend Kevin Sheedy joined us at the '4 Million Reasons' Gala Dinner to officially launch the Ray Lord Community Award. Sadly Ray lost his hard-fought battle with cancer late last year, but his tireless commitment to community will live on with this award honouring others in the community that shared Ray's values and dedication.



▲ Our great staff team proudly displays the cheque for the \$341,351 that was distributed to community groups throughout Manningham at our '4 Million Reasons' Gala Dinner – celebrating an overall total of \$4 million in community contributions from our two Community Bank branches.



▲ The Doncare furniture truck has been kept busy again throughout the year, providing the op shops with plenty of good stock to sell to raise much-needed funds for Doncare.

## Community investment



▲ The Doncaster Hockey Club joined us for the inaugural Community Bank Golf Day held at the Heidelberg Golf Club.

▼ Our support for tennis continues with ongoing support for a number of clubs in the area including the Doncaster Tennis Club.



▼ The Doncaster Bowls Club recently completed their shade sail project, providing much-needed shelter from the sun for their players.



▲ Gail Dick, founder of the Doncaster All Abilities Basketball Association, was the inaugural recipient of the Ray Lord Community Award presented by Jean Lord and Kevin Sheedy. The award was presented at the '4 Million Reasons' Gala Dinner and the honour board displayed proudly in both the Doncaster East and Templestowe Village Community Bank branches.

▼ In 2018 we became the Major Partner of the Michele Timms Basketball Academy, with Olympic Silver medallist and local legend teaching our junior players to be the best they can be.



▼ Onemda's Barista and Hospitality program is going from strength to strength with the Onemda Mobile XTend Café hitting the streets. This is a great opportunity for Onemda clients to showcase their skills and interact with the broader community.



▲ Bendigo and Adelaide Bank Limited's Managing Director Marrie Baker joined us at the '4 Million Reasons' Gala to share her thoughts on the great outcomes achieved by the Directors and staff of the Doncaster East and Templestowe Village Community Bank branches.

▼ The Manningham Cobras Football Club joined MCEL Director Simon Lewis for the 2019 Golf Day.



▼ We proudly supported the Doncaster All Abilities Basketball Association Japan Tour 2019. This gave the opportunity for our local basketballers to compete on the International stage.



▼ Our Annual Business Breakfast with guest speaker David Robertson was another highlight on our event calendar, bringing together 200 business people from the Manningham community to hear his economic outlook.



▼ The team at the Doncaster Rovers Soccer Club continued their successful all abilities soccer program in conjunction with Onemda, a program which we have supported since its inception.



▼ MCEL Directors Rod Davitt and Brad Dodemond with Senior Branch Manager Paul Thompson and Bendigo Bank Managing Director Marrie Baker.





# Community investment

Doncaster East and Templestowe Village  
Community Bank branches

# \$3.75 million

Cumulative investment as  
at 30 June 2019

## Banking is our Business Community is our Focus

### Supporting

the vulnerable  
& disadvantaged

### Investing

in the health & wellbeing  
of our community

### Enabling

those in our community  
with a disability



### Vision

To contribute to the  
growth and prosperity  
of our community



### Why

We are community  
builders feeding into  
community prosperity,  
not off it



### How

Our Community Bank  
branches return profit  
to our communities,  
investing in many  
community  
projects

166

Organisations

\$1.92m+

In community  
grants

\$1.82m+

In local  
sponsorships

	\$
1st Doncaster East Cubs and Scouts	17,610
Australian Iranian Senior Citizens	5,280
Beverley Hills Junior Football Club	136,425
Blackburn North Bowling Club	7,927
Bulleen Preschool	4,820
Bulleen Templestowe Amateur FC	44,730
Bulleen Templestowe Basketball Club	118,000
Bulleen Templestowe Cricket Club	32,500
Business Excellence Awards	45,000
CA Tritons Swimming Club	10,500
Chinese Senior Citizens Club	31,300
Deep Creek Netball Club	17,702
Defibrillator Program	18,400
Doncare Inc.	412,088
Doncaster & District Community Youth	11,605
Doncaster & District Netball Association	14,594
Doncaster & Templestowe Badminton	6,500
Doncaster All Abilities Basketball	153,694
Doncaster Dragons Baseball Club	44,435
Doncaster Bowling Club	46,990
Doncaster Cricket Club	20,605
Doncaster Dolphins Swimming Club	7,800
Doncaster East Football Club	16,122
Doncaster East Preschool	17,500
Doncaster Football Club	98,576
Doncaster Gardens Preschool	2,174
Doncaster Hockey Club	147,530
Doncaster Junior Football Club	40,817
Doncaster Rovers Soccer Club & Clinics	144,660
Doncaster RSL	6,184
Doncaster Secondary College	5,500
Doncaster Tennis Club	7,300
Doncaster Youth Netball Club	9,500
Donvale Bowling Club	49,675
Donvale Cricket Club	9,500
Donvale Football Club	18,000
Donvale Junior Football Club	10,000

	\$
Donvale Netball Club	12,025
Donvale Tennis Club	14,200
East Doncaster Cricket Club	120,295
East Doncaster Cricket No Boundaries	118,535
Eastern Domestic Violence Services	93,274
Fitzroy Doncaster Cricket Club	62,550
Greythorn Bowling Club	8,514
Kerrimuir Neighbourhood House	7,500
Kevin Heinze Garden Centre	55,830
Koonung Cottage Community House	8,457
Life Education Victoria	64,245
LinC Manningham Inc.	26,000
MannaCare	93,020
Manningham Business Network	36,667
Manningham Centre	43,790
Manningham Cobras Football Club	34,000
Manningham Community Health	185,908
Manningham Cricket Club	17,700
Manningham Toy Library	10,216
Michelle Tims Basketball Academy	20,000
Neighbourhood Watch Manningham	15,938
Onemda Association	163,531
Pines Learning	91,099
Rotary Club of Doncaster	14,250
Rotary Club of Manningham	11,220
Rotary Club of Templestowe	23,688
Salvation Army Doncaster Corps	9,000
Serpell Tennis Club	11,000
St Peter and Pauls School	15,347
Sherbrooke Theatre Company	16,050
Templestowe Bowling Club	32,060
Templestowe Cricket Club	31,085
Templestowe Football Club	34,182
Templestowe RSL	8,355
Templestowe Park Tennis Club	14,811
Templestowe Village Festival	26,000
Yarra Valley Country Club	16,530

# Bendigo and Adelaide Bank report

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For year ending 30 June 2019

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

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

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

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

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

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

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

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

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



**Mark Cunneen**  
**Head of Community Support**  
**Bendigo and Adelaide Bank**

# Directors' report

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For the financial year ended 30 June 2019

Your Directors submit the financial statements of the Company for the financial year ended 30 June 2019.

## Directors

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

### **Ian Graham Goldsmith**

Chairman

Occupation: Chief Executive Officer

Ian has over 45 years experience in the hospital, aged care, ambulance and health insurance sectors in senior executive positions. He is a Certified Practising Accountant (CPA) and is currently Chief Executive Officer of Edith Bendall Lodge Aged Care in Pascoe Vale. Ian is also the Treasurer of the Board of the Rotary Club of Manningham and has been a Rotarian for 20 years and a Board member for 18 years. Ian is also a Board member of Art Building Children's Dreams (Australia) Inc.

Special Responsibilities: Chair of the Board. Member of CEF Committee, Marketing Committee, Governance Committee, Finance Committee, Human Resources Committee and Youth Engagement Committee.

Interest in shares: 32,500

### **Geoffrey Bruce Roberts**

Vice-Chairman

Occupation: Consultant/Investor

Geoff has had over forty years of experience in the manufacturing, distribution, clothing and footwear industries having worked as a Senior Marketing Executive with the McPherson Group of companies, Director with the Yakka Group and more recently with Oliver Footwear. Whilst in these roles he also sat on many Industry boards. He has significant community involvement with his work with Rotary International. His qualifications include a Graduate Diploma of Business studies and has attended many professional development programs over the years.

Special Responsibilities: Deputy Chairman of the Board, Chair of Finance Committee July 2018 - Dec 2018, Chair of Marketing Committee, Member of Finance Committee Jan 2019 - Jun 2019.

Interest in shares: 5,000

### **Victoria George Paouros**

Company Secretary

Occupation: ACCC Graduate Investigator

Victoria is currently employed as a Graduate Investigator at the Australian Competition and Consumer Commission. She began her journey on the MCEL team in 2009, as an inaugural participant of the Company's Junior Observer Program. She then formally re-joined the Company as a Board Member in 2012 and has since taken on many roles including: Minute Secretary, Company Secretary, Youth Engagement Committee Chair and Director. She holds a number of qualifications, including a Bachelor of Laws (Hons), an Advanced Diploma of Management (HR), a Diploma of Business, a Certificate IV in Training and Education and a Certificate in Governance Practice.

Special Responsibilities: Company Secretary of the Board. Chair of Youth Engagement Committee. Member of Governance Committee. Member of Marketing Committee until December 2018.

Interest in shares: Nil

# Directors' report (continued)

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## Directors (continued)

### **James Douglas Christie RFD**

Director

Occupation: Business Consultant

James brings a wealth of experience from his former career as a senior executive in the retail-banking sector, both in Australia and overseas. James also served as a Lieutenant Colonel in the Australian Army Reserve. He also worked in the NFP sector. He currently works as a consultant to Bendigo and Adelaide Bank Limited mentoring Community Bank companies. He has served as an elected member of the Community Bank Strategic Advisory Board (now known as National Council) and is also currently a Director of Principled Mortgage Investments Limited. He is a Member of the Australian Institute of Company Directors and a former Fellow of both the Australian Institute of Banking and Finance and the Australian Institute of Management.

Special Responsibilities: Member of Governance Committee and Finance Committee.

Interest in shares: 25,001

### **Raymond Bruce Barrington**

Director

Occupation: Retired

Raymond has had 10 years banking and finance experience in ES&A and ANZ Bank. He has a wealth of experience in small business having run the family business for 20 years. He has been a Board Member of Mannacare for the past five years.

Special Responsibilities: Member of Human Resources Committee, Marketing Committee and Premises Committee.

Interest in shares: 7,001

### **Darren William Bourke**

Director

Occupation: General Manager - Concept Logistics Interstate Transport

Darren has had nearly 30 years experience in the transport industry having held senior Management positions with Concord Park Transport, Toll Express, Silk Logistics Group WA Freight division as National Account and Operations Manager Print Media division and currently is employed with Concept Logistics Interstate Transport as General Manager. Darren has always been an active member within the City of Manningham and has held the role of club President from 2006 to 2015 at East Doncaster Cricket Club and was awarded the Manningham Citizen of the year for 2013 for his service to the Manningham Community. Over the recent years Darren has created a number of vital Community relationships within Manningham with Doncare, Onemda & EDVOS.

Special Responsibilities: Member of Marketing Committee.

Interest in shares: Nil

### **Colin Roderick Davitt**

Director

Occupation: Director

Rod brings extensive experience across a range of industries and specific finance experience gained in Australia and Asia with a range of blue chip banking and insurance companies. Rod's skill base includes corporate governance, accounting, business and strategic planning and risk management gained through board roles, formal qualifications and more than 30 years working with leading Australian and international organisations. He holds degrees in Business (Accounting) and Economics, is a Fellow of CPA Australia (FCPA) and a graduate of the Australian Institute of Company Directors (GAICD).

Special Responsibilities: Chair of Governance Committee Jul 2018 - Jan 2019, Chair of Finance Committee Jan 2019 - Jun 2019, Member of Governance Committee Jan 2019 - Jun 2019, Member of Finance Committee Jun 2018 - Jan 2019.

Interest in shares: Nil

# Directors' report (continued)

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## Directors (continued)

### **Simon David Lewis**

Director

Occupation: CEO of Onemda

As the Chief Executive Officer of Onemda, Simon has developed extensive experience and knowledge in the disability sector for over 20 years through a wide variety of leadership roles in the areas of intellectual disability, mental health, physical impairment and acquired brain injury. He commenced at Onemda in 2000 and his career has had a focus on community development, with many roles focussing on forging partnerships, relationships and opportunities with communities, governments and local enterprise to raise awareness and to enhance the valued status of people with a disability. In 2015, Simon was awarded with the Winston Churchill Fellowship Award which enabled him to undertake a study tour to Canada, USA and Peru. Simon has a Post Graduate Diploma in Leadership Studies (Disability) and has held roles on a range of local and regional committees and advisory groups. Special Responsibilities: Chair of Human Resources Committee. Member of Youth Engagement Committee until December 2018.

Interest in shares: Nil

### **Bradley Dodemond**

Director (Appointed 29 November 2018)

Occupation: Senior Human Resources Business Partner

Brad has over 9 years experience as a Human Resources professional both in Australia and North America. He currently works as a Senior Human Resources Business Partner for the Victorian Government at the Level Crossing Removal Project (LXRP). He possess a number of qualifications including a Master of Business Management (MBA), Master of Human Resources Management and a Bachelor of Business (Human Resources). Brad commenced his MCEL journey in January 2018 as part of the Company's inaugural Future Directors Program offered in partnership with La Trobe University.

Special Responsibilities: Member of Youth Engagement Committee, Human Resources Committee and Governance Committee.

Interest in shares: Nil

### **Deirdre Elizabeth Diamante**

Director (Appointed 29 November 2018)

Occupation: Self-employed

Deirdre Diamante is the founder and principal of MIA Consulting Services, a government advisory firm. Deirdre's intimate knowledge of public sector procurement environments makes her a sought-after advisor by commercial and public sector organisations alike. Her various educational programs are recognised by Business Victoria and Swinburne University; while her consulting expertise helps companies of all sizes engage effectively with government and win business. Deirdre also works closely with government to implement industry and procurement programs, and serves as Chair for the Victorian Council of the Australian Information Industry Association (AIIA). Deirdre is the Director and Co-Founder of the #TechDiversity Foundation and serves on its Board. She is also a Board Advisory to a Digital Services Firm and Board Member of Manningham Community Enterprises Ltd a Bendigo Bank Community Bank. Deirdre is also Chair of the Parish Education Board at St Gregory the Great Doncaster and has been a long standing judge of the Manningham Business Excellence Awards.

Special Responsibilities: Chair of Governance Committee Feb 19 - Jun 19.

Interest in shares: Nil



# Directors' report (continued)

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## Directors (continued)

### Christopher Potter

Director (Resigned 31 August 2018)

Occupation: Director of Community Programs

Chris' last role was as Director of Community Programs for Manningham City Council which he finished in February 2018. He is a qualified accountant and a fellow of the Chartered Institute of Public Finance and Accountancy in the UK and a graduate member of the Australian Institute of Company Directors since 2017. He is currently a Board Governor of the Windermere Foundation.

Special Responsibilities: Nil

Interest in shares: Nil

### Nicola Christine White

Treasurer (Resigned 24 August 2018)

Occupation: Bookkeeper

Nicky and her family moved from South Africa to Australia at the end of 1997. She has been a resident of Manningham since her arrival in Australia. She has worked as a bookkeeper within the Community Bank network for many years. Nicky is a registered BAS Agent and has a Certificate IV in bookkeeping.

Special Responsibilities: Nil

Interest in shares: Nil

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

No Directors have material interests in contracts or proposed contracts with the Company.

## Company Secretary

Victoria George Paouros has been the Company Secretary since her election to the position on 14 November 2013.

## Principal Activities

The principal activities of the Company during the financial year were facilitating Community Bank services under management rights to operate franchised branches 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 \$
251,744	234,579

## Operating and financial review

As with the previous two fiscal years, market conditions have remained largely unchanged and continued to be challenging throughout 2018/19. Despite these conditions, the company had another growth year, increasing its Operating Result from \$325,956 to \$349,038 (7.08%). Revenue also grew at a similar rate, increasing from \$2,528m to \$2,683m driven by significantly improved margin income.

Total Expenses, including charitable donations, sponsorships, advertising and promotions increased by \$132,506 or 6.02%, the main contributor being charitable donations, sponsorship, advertising and promotion expenses which increased by \$81,512.

# Directors' report (continued)

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

Combined Business Volume across the two branches increased by \$6m to \$412m or 1.5%. The lending to deposit ratio remained the same as the previous year at 45:55.

The Company's Total Assets increased by \$45,319 or 2.70% with Cash on Hand increasing from \$993,267 to \$1,100,690 or 10.82%. Total Liabilities decreased from \$431,752 to \$376,559 or (12.78%). This is due to the renewal of franchise fees payable to Bendigo and Adelaide Bank Limited on an annual basis, the total liability is recognised at time of purchase. Equity increased from \$1.246m to \$1.346m, an increase of 8.07%. The Company paid a fully franked dividend of 7 cents per share.

### Drivers of Performance and Business Strategies

The positive results achieved in 2018/19 have been driven mainly by significant increases in both deposits and lending, resulting in a 6.16% increase in Total Gross Income. This was achieved in a highly competitive and challenging market. The Company has increased its community grants and sponsorships and continues its strong presence in the community.

Partners such as Onemda, Doncare, EDVOS (Eastern Domestic Violence Service) and numerous local sporting and community organisations have benefited from contributions from the relationship.

## **Remuneration report**

### Remuneration Policy

The Remuneration Policy of Manningham Community Enterprise Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Company, as well as create goal congruence between Directors, executives and shareholders.

### Key Management Personnel Remuneration Policy

Key management personnel receive a base salary, superannuation and performance incentives.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel also receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Employment agreements were entered into with key management personnel.

# Directors' report (continued)

## Remuneration report (continued)

### Remuneration Structure

All Directors are independent non-executive Directors and are paid Directors' fees as disclosed below.

Non-executive Director remuneration policy:

The Board's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and regularly reviews the amount of fees paid, based on market practices, duties and accountability.

The maximum aggregate amount of fees that can be paid to non-executive Directors requires approval by shareholders as required by the *Corporations Act 2001* and NSX listing rules.

Fees for non-executive Directors are not linked to the performance of the Company.

### Performance based remuneration

The Company does not pay performance based remuneration to any Director.

The following table shows the gross revenue, profits and dividends for the last 6 years for the entity, as well as the share prices at the end of the respective financial years. Analysis of the actual figures shows excellent growth in revenue, increased payments to community groups and projects as well as consistent returns to shareholders.

	2019	2018	2017	2016	2015	2014
Revenue	2,683,401	2,527,813	2,371,207	2,074,668	1,977,970	2,011,655
Net profit	251,744	234,579	218,242	181,751	131,200	48,994
Share price at year end	0.65	0.70	0.60	0.60	0.65	0.70
Net dividend paid	151,232	151,232	129,628	129,628	151,232	194,441

### Directors' remuneration

For the year ended 30 June 2019 the Directors received total remuneration including superannuation, as follows:

	\$
Ian Graham Goldsmith	11,500
Geoffrey Bruce Roberts	5,500
James Douglas Christie RFD	5,500
Raymond Bruce Barrington	5,500
Darren William Bourke	-
Colin Roderick Davitt	5,500
Victoria George Paouros	5,500
Simon David Lewis	5,500
Bradley Dodemond (Appointed 29 November 2018)	-
Deirdre Elizabeth Diamante (Appointed 29 November 2018)	-
Christopher Potter (Resigned 31 August 2018)	-
Nicola Christine White (Resigned 24 August 2018)	5,500
	<b>50,000</b>

# Directors' report (continued)

## Remuneration report (continued)

### Transactions with Directors

Nicola Christine White performed bookkeeping services to the value of \$1,900 (2018: \$11,880).

Victoria George Paouros performed Company Secretarial services to the value of \$6,891 (2018: \$7,848).

### Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Ian Graham Goldsmith	12,500	20,000	32,500
Geoffrey Bruce Roberts	5,000	-	5,000
James Douglas Christie RFD	25,001	-	25,001
Raymond Bruce Barrington	7,501	-	7,501
Darren William Bourke	-	-	-
Colin Roderick Davitt	-	-	-
Victoria George Paouros	-	-	-
Simon David Lewis	-	-	-
Bradley Dodemond (Appointed 29 November 2018)	-	-	-
Deirdre Elizabeth Diamante (Appointed 29 November 2018)	-	-	-
Christopher Potter (Resigned 31 August 2018)	-	-	-
Nicola Christine White (Resigned 24 August 2018)	-	-	-

### Community Bank Directors' Privileges Package

The Board has 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 branches at Doncaster East and Templestowe Village. 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: \$304).

## Dividends

	Year ended 30 June 2019	
	Cents	\$
Dividends paid in the year	7	151,232

## Significant changes in the state of affairs

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

## Events since the end of the financial year

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

# Directors' report (continued)

## 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 managers in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or managers of the Company except where the liability arises out of conduct involving the lack of good faith.

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

## Directors' meetings

The number of Directors' meetings attended by each of the Directors of the Company during the year were:

	Board Meetings Attended		Committee Meetings Attended									
			Finance		Human Resources		Marketing & Sponsorship		Governance		Youth Engagement	
	A	B	A	B	A	B	A	B	A	B	A	B
Ian Graham Goldsmith	11	11	4	4	4	4	9	7	4	3		
Geoffrey Bruce Roberts	11	7	4	3	4	4	9	8	-	-	-	-
Victoria George Paurous	11	9	-	-	-	-	9	2	4	4	5	5
James Douglas Christie RFD	11	10	4	3	-	-	-	-	4	3	-	-
Raymond Bruce Barrington	11	10	-	-	4	4	9	8	-	-	-	-
Darren William Bourke	11	3	-	-	-	-	9	1	-	-	-	-
Colin Roderick Davitt	11	11	4	3	-	-	-	-	4	3	-	-
Simon David Lewis	11	8	-	-	4	4	-	-	-	-	2	2
Bradley Dodemond <sup>1</sup>	6	6	-	-	2	1	-	-	2	2	4	4
Deirdre Elizabeth Diamante <sup>2</sup>	6	5	-	-	-	-	-	-	2	2	-	-
Christopher Potter <sup>3</sup>	2	-	-	-	-	-	-	-	1	-	-	-
Nicola Christine White <sup>4</sup>	2	1	-	-	-	-	-	-	-	-	-	-

A - eligible to attend  
B - number attended

1 - Appointed 29 November 2018  
2 - Appointed 27 November 2018

3 - Resigned 31 August 2018  
4 - Resigned 24 August 2018

## 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*.

## Directors' report (continued)

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### 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 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 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 20.

Signed in accordance with a resolution of the Board of Directors at Doncaster East, Victoria on 10 September 2019.



**Ian Graham Goldsmith**  
**Chairman**



# Auditor's independence declaration

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Chartered Accountants

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

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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 10 September 2019

A handwritten signature in black ink, appearing to read 'Graeme Stewart'.

**Graeme Stewart**  
Lead Auditor

# Financial statements

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

	Notes	2019 \$	2018 \$
Revenue from ordinary activities	4	2,683,401	2,527,813
Employee benefits expense		(1,048,728)	(1,050,949)
Charitable donations, sponsorship, advertising and promotion		(611,591)	(530,079)
Occupancy and associated costs		(286,589)	(280,347)
Systems costs		(65,694)	(58,402)
Depreciation and amortisation expense	5	(69,850)	(69,525)
Finance costs	5	(9)	(9)
General administration expenses		(251,902)	(212,546)
<b>Profit before income tax expense</b>		<b>349,038</b>	<b>325,956</b>
Income tax expense	6	(97,294)	(91,377)
<b>Profit after income tax expense</b>		<b>251,744</b>	<b>234,579</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>		<b>251,744</b>	<b>234,579</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
Basic earnings per share	21	11.65	10.86

The accompanying notes form part of these financial statements.

# Financial statements (continued)

## Balance Sheet as at 30 June 2019

	Notes	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	1,100,690	993,267
Trade and other receivables	8	221,813	216,219
<b>Total current assets</b>		<b>1,322,503</b>	<b>1,209,486</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	286,923	325,134
Intangible assets	10	97,013	123,457
Deferred tax asset	11	16,454	19,496
<b>Total non-current assets</b>		<b>400,390</b>	<b>468,087</b>
<b>Total assets</b>		<b>1,722,893</b>	<b>1,677,573</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current tax liabilities	11	18,150	31,321
Trade and other payables	12	167,543	171,252
Provisions	13	129,032	118,933
<b>Total current liabilities</b>		<b>314,725</b>	<b>321,506</b>
<b>Non-current liabilities</b>			
Trade and other payables	12	59,630	89,445
Provisions	13	2,205	20,801
<b>Total non-current liabilities</b>		<b>61,835</b>	<b>110,246</b>
<b>Total liabilities</b>		<b>376,560</b>	<b>431,752</b>
<b>Net assets</b>		<b>1,346,333</b>	<b>1,245,821</b>
<b>EQUITY</b>			
Issued capital	14	1,138,759	1,138,759
Retained earnings	15	207,574	107,062
<b>Total equity</b>		<b>1,346,333</b>	<b>1,245,821</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2017		1,138,759	23,715	1,162,474
Total comprehensive income for the year		-	234,579	234,579
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	20	-	(151,232)	(151,232)
<b>Balance at 30 June 2018</b>		<b>1,138,759</b>	<b>107,062</b>	<b>1,245,821</b>
Balance at 1 July 2018		1,138,759	107,062	1,245,821
Total comprehensive income for the year		-	251,744	251,744
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	20	-	(151,232)	(151,232)
<b>Balance at 30 June 2019</b>		<b>1,138,759</b>	<b>207,574</b>	<b>1,346,333</b>

The accompanying notes form part of these financial statements.

## Financial statements (continued)

### Statement of Cash Flows for the year ended 30 June 2019

	Notes	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,926,304	2,770,262
Payments to suppliers and employees		(2,539,863)	(2,326,119)
Interest received		11,946	10,417
Interest paid		(9)	(9)
Income taxes paid		(107,423)	(94,060)
<b>Net cash provided by operating activities</b>	<b>16</b>	<b>290,955</b>	<b>360,491</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(5,195)	(47,651)
Proceeds from property, plant and equipment		-	17,273
Payment of intangible assets		(27,105)	(27,105)
<b>Net cash used in investing activities</b>		<b>(32,300)</b>	<b>(57,483)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	20	(151,232)	(151,232)
<b>Net cash used in financing activities</b>		<b>(151,232)</b>	<b>(151,232)</b>
<b>Net increase in cash held</b>		<b>107,423</b>	<b>151,776</b>
Cash and cash equivalents at the beginning of the financial year		993,267	841,491
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7(a)</b>	<b>1,100,690</b>	<b>993,267</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2019

## Note 1. Summary of significant accounting policies

### **a) Basis of preparation**

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

#### Compliance with IFRS

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

#### Critical accounting estimates

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

#### Historical cost convention

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

#### Comparative figures

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

#### Application of new and amended accounting standards

There are two new accounting standards which have been issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 January 2018, and are therefore relevant for the current financial year.

#### AASB 15 Revenue from Contracts with Customers

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

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

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



# Notes to the financial statements (continued)

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

### a) Basis of preparation (continued)

#### Application of new and amended accounting standards (continued)

##### AASB 9 Financial Instruments

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

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

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

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

##### AASB 16 Leases

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

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

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

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

The company will recognise new assets and liabilities for operating leases of its branches. 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 \$994,070.

#### 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 branches at Doncaster East and Templestowe Village, Victoria.

The branches operate 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 branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

# Notes to the financial statements (continued)

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

### a) Basis of preparation (continued)

#### Economic dependency - Bendigo and Adelaide Bank Limited (continued)

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

The company promotes and sells the products and services, but is not a party to the transaction.

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo and Adelaide Bank Limited entity to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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

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

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

### b) Revenue

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

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

#### Revenue calculation

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

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

# Notes to the financial statements (continued)

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

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

#### Core banking products

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

#### Margin

Margin is arrived at through the following calculation:

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

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.

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

#### Commission

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

#### Fee income

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

#### Discretionary financial contributions

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.

#### 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.

# Notes to the financial statements (continued)

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

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

#### Ability to change financial return (continued)

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.

# Notes to the financial statements (continued)

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

### **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
- motor vehicle                                    3 - 5 years

# Notes to the financial statements (continued)

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

### **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).

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.



# Notes to the financial statements (continued)

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

### **k) Financial instruments (continued)**

#### Classification and subsequent measurement (continued)

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.

#### 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.

# Notes to the financial statements (continued)

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

### **k) Financial instruments (continued)**

#### Impairment (continued)

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.

### **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.

# Notes to the financial statements (continued)

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

### 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.

## Note 2. Financial risk management

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

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

### (i) Market risk

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

### (ii) Price risk

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

### (iii) Credit risk

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

#### Expected credit loss assessment for Bendigo and Adelaide Bank Limited

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

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

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

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

# Notes to the financial statements (continued)

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## Note 2. Financial risk management (continued)

### 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.

#### (vi) Capital management

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

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

The distribution limit is the greater of:

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

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

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

## Note 3. Critical accounting estimates and judgements

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

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

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

# Notes to the financial statements (continued)

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

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.

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

### Estimation of useful lives of assets

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

### Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

## Notes to the financial statements (continued)

	2019 \$	2018 \$
<b>Note 4. Revenue from ordinary activities</b>		
Operating activities:		
- gross margin	2,269,233	2,023,858
- services commissions	223,864	322,286
- fee income	137,306	125,766
- market development fund	35,000	35,000
<b>Total revenue from operating activities</b>	<b>2,665,403</b>	<b>2,506,910</b>
Non-operating activities:		
- interest received	17,284	10,806
- other income	714	950
<b>Total revenue from non-operating activities</b>	<b>17,998</b>	<b>11,756</b>
<b>Profit on sale of asset</b>	<b>-</b>	<b>9,147</b>
<b>Total revenues from ordinary activities</b>	<b>2,683,401</b>	<b>2,527,813</b>

## Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	7,379	5,874
- leasehold improvements	19,141	19,116
- motor vehicle	16,886	16,732

Amortisation of non-current assets:

- franchise agreement	4,407	4,614
- franchise renewal fee	22,037	23,189
	<b>69,850</b>	<b>69,525</b>

Finance costs:

<b>- interest paid</b>	<b>9</b>	<b>9</b>
<b>Bad debts</b>	<b>4,178</b>	<b>1,488</b>

## Note 6. Income tax expense

The components of tax expense comprise:

- Current tax	94,252	95,727
- Movement in deferred tax	3,042	(4,350)
	<b>97,294</b>	<b>91,377</b>

## Notes to the financial statements (continued)

	2019 \$	2018 \$
Note 6. Income tax expense (continued)		
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Operating profit	349,038	325,956
Prima facie tax on profit from ordinary activities at 27.5% (2018: 27.5%)	95,985	89,638
Add tax effect of:		
- non-deductible expenses	1,309	1,740
- timing difference expenses	(3,042)	6,866
- other deductible expenses	-	(2,517)
	<b>94,252</b>	<b>95,727</b>
Movement in deferred tax	3,042	(4,350)
	<b>97,294</b>	<b>91,377</b>

## Note 7. Cash and cash equivalents

Cash at bank and on hand	232,815	425,392
Term deposits	867,875	567,875
	<b>1,100,690</b>	<b>993,267</b>

### Note 7.(a) Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

Cash at bank and on hand	232,815	425,392
Term deposits	867,875	567,875
	<b>1,100,690</b>	<b>993,267</b>

## Note 8. Trade and other receivables

Trade receivables	196,843	191,753
Prepayments	18,103	22,935
Other receivables and accruals	6,867	1,531
	<b>221,813</b>	<b>216,219</b>

## Notes to the financial statements (continued)

	2019 \$	2018 \$
<b>Note 9. Property, plant and equipment</b>		
Leasehold improvements		
At cost	404,200	404,200
Less accumulated depreciation	(196,829)	(177,688)
	<b>207,371</b>	<b>226,512</b>
Plant and equipment		
At cost	174,539	169,344
Less accumulated depreciation	(141,402)	(134,023)
	<b>33,137</b>	<b>35,321</b>
Motor vehicles		
At cost	84,431	84,431
Less accumulated depreciation	(38,016)	(21,130)
	<b>46,415</b>	<b>63,301</b>
<b>Total written down amount</b>	<b>286,923</b>	<b>325,134</b>
<b>Movements in carrying amounts:</b>		
Leasehold improvements		
Carrying amount at beginning	226,512	242,716
Additions	-	2,912
Disposals	-	-
Less: depreciation expense	(19,141)	(19,116)
<b>Carrying amount at end</b>	<b>207,371</b>	<b>226,512</b>
Plant and equipment		
Carrying amount at beginning	35,321	40,912
Additions	5,195	283
Disposals	-	-
Less: depreciation expense	(7,379)	(5,874)
<b>Carrying amount at end</b>	<b>33,137</b>	<b>35,321</b>
Motor vehicles		
Carrying amount at beginning	63,301	42,704
Additions	-	45,455
Disposals	-	(8,126)
Less: depreciation expense	(16,886)	(16,732)
<b>Carrying amount at end</b>	<b>46,415</b>	<b>63,301</b>
<b>Total written down amount</b>	<b>286,923</b>	<b>325,134</b>



## Notes to the financial statements (continued)

	2019 \$	2018 \$
<b>Note 10. Intangible assets</b>		
Franchise fee		
At cost	123,174	123,174
Less: accumulated amortisation	(107,004)	(102,598)
	<b>16,170</b>	<b>20,576</b>
Renewal processing fee		
At cost	271,444	271,444
Less: accumulated amortisation	(190,601)	(168,563)
	<b>80,843</b>	<b>102,881</b>
<b>Total written down amount</b>	<b>97,013</b>	<b>123,457</b>

## Note 11. Tax

### Current:

<b>Income tax payable</b>	<b>18,150</b>	<b>31,321</b>
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### Non-Current:

Deferred tax assets		
- accruals	1,642	1,447
- employee provisions	36,090	38,427
	<b>37,732</b>	<b>39,874</b>
Deferred tax liability		
- accruals	1,889	421
- property, plant and equipment	19,389	19,957
	<b>21,278</b>	<b>20,378</b>
<b>Net deferred tax asset</b>	<b>16,454</b>	<b>19,496</b>
<b>Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income</b>	<b>3,042</b>	<b>(4,350)</b>

## Note 12. Trade and other payables

### Current:

Trade creditors	37,000	42,490
Other creditors and accruals	130,543	128,762
	<b>167,543</b>	<b>171,252</b>

### Non-current

<b>Other creditors and accruals</b>	<b>59,630</b>	<b>89,445</b>
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## Notes to the financial statements (continued)

	2019 \$	2018 \$
<b>Note 13. Provisions</b>		
<b>Current:</b>		
Provision for annual leave	44,287	59,720
Provision for long service leave	84,745	59,213
	<b>129,032</b>	<b>118,933</b>
<b>Non-Current:</b>		
<b>Provision for long service leave</b>	<b>2,205</b>	<b>20,801</b>

## Note 14. Issued capital

2,160,461 ordinary shares fully paid (2018: 2,160,461)	1,185,461	1,185,461
Less: equity raising expenses Doncaster East	(22,075)	(22,075)
Less: equity raising expenses Templestowe Village	(24,627)	(24,627)
	<b>1,138,759</b>	<b>1,138,759</b>

### Rights attached to shares

#### (a) Voting rights

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

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

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

#### (b) Dividends

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

#### (c) Transfer

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

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

# Notes to the financial statements (continued)

## Note 14. Issued capital (continued)

### Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if 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 346. As at the date of this report, the company had 349 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.

	2019 \$	2018 \$
<b>Note 15. Retained earnings</b>		
Balance at the beginning of the financial year	107,062	23,715
Net profit from ordinary activities after income tax	251,744	234,579
Dividends provided for or paid	(151,232)	(151,232)
<b>Balance at the end of the financial year</b>	<b>207,574</b>	<b>107,062</b>

## Notes to the financial statements (continued)

	2019 \$	2018 \$
<b>Note 16. Statement of cash flows</b>		
Reconciliation of profit from ordinary activities after tax to net cash provided by operating activities		
Profit from ordinary activities after income tax	251,744	234,579
Non cash items:		
- depreciation	24,265	22,606
- amortisation	45,585	46,919
- profit made on sale of asset	-	(9,147)
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(5,594)	(546)
- (increase)/decrease in other assets	3,042	(4,350)
- increase/(decrease) in payables	(6,419)	34,813
- increase/(decrease) in provisions	(8,497)	33,950
- increase/(decrease) in current tax liabilities	(13,171)	1,667
<b>Net cash flows provided by operating activities</b>	<b>290,955</b>	<b>360,491</b>

## Note 17. 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	205,594	224,177
- between 12 months and 5 years	313,467	501,837
	<b>519,061</b>	<b>726,014</b>

The property leases for the Templestowe Village branch is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The current lease commenced 17 March 2015 and has an option to extend for an additional five year term.

The property lease for the Doncaster East branch is a non-cancellable lease with a five-year term, with rent payable monthly in advance. The current lease commenced 1 October 2017 and has an option to extend for an additional five year term.

## Notes to the financial statements (continued)

	2019 \$	2018 \$
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### Note 18. Auditor's remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	5,700	5,600
- share registry services	4,015	4,016
- non audit services	4,305	4,004
	<b>14,020</b>	<b>13,620</b>

### Note 19. Director and related party disclosures

Key Management Personnel Remuneration

<b>Short-term employee benefits</b>	<b>50,000</b>	<b>50,000</b>
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Detailed remuneration disclosures are provided in the remuneration report, included as part of the Directors' Report.

Transactions with Key Management Personnel

Nicola Christine White performed bookkeeping services to the value of	1,980	11,880
Victoria George Paouros received wages for providing her services to the company.	6,891	7,848

Detailed shareholding disclosures are provided in the remuneration report, included as part of the Directors' Report.

### Note 20. Dividends provided or paid for

#### a. Dividends paid during the year

Current year dividend

<b>Fully franked dividend 7 cents (2018: 7 cents unfranked dividend) per share</b>	<b>151,232</b>	<b>151,232</b>
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The tax rate at which dividends had been franked for 2019 was 27.5% (2018: Nil).

#### b. Franking account balance

Franking credits available for subsequent reporting periods are:

- franking account balance as at the end of the financial year	218,207	168,147
- franking credits that will arise from payment of income tax as at the end of the financial year	18,150	31,321
<b>Franking credits available for future financial reporting periods:</b>	<b>236,357</b>	<b>199,468</b>
<b>Net franking credits available</b>	<b>236,357</b>	<b>199,468</b>

## Notes to the financial statements (continued)

	2019 \$	2018 \$
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### Note 21. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	251,744	234,579
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	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,160,461	2,160,461

### Note 22. Events occurring after the reporting date

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

### Note 23. Contingent liabilities and contingent assets

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

### Note 24. Segment reporting

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

### Note 25. Registered office/Principal place of business

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

#### Registered Office

900 - 902 Doncaster Road  
Doncaster East VIC 3109

#### Principal Place of Business

900 - 902 Doncaster Road  
Doncaster East VIC 3109

128 James Street  
Templestowe VIC 3106

# Notes to the financial statements (continued)

## Note 26. Financial instruments

### Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 \$	2018 \$	2019 %	2018 %
Financial assets												
Cash and cash equivalents	231,863	424,892	867,875	567,875	-	-	-	-	952	500	1.48	1.16
Receivables	-	-	-	-	-	-	-	-	196,843	191,753	N/A	N/A
Financial liabilities												
Payables	-	-	-	-	-	-	-	-	37,000	42,490	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.

## Notes to the financial statements (continued)

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### Note 26. Financial instruments (continued)

#### **Sensitivity Analysis (continued)**

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:

	<b>2019</b> <b>\$</b>	<b>2018</b> <b>\$</b>
Change in profit/(loss)		
Increase in interest rate by 1%	10,997	9,928
Decrease in interest rate by 1%	(10,997)	(9,928)
Change in equity		
Increase in interest rate by 1%	10,997	9,928
Decrease in interest rate by 1%	(10,997)	(9,928)



# Directors' declaration

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In accordance with a resolution of the Directors of Manningham Community Enterprises Limited, we state that:

In the opinion of the Directors:

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

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



**Ian Graham Goldsmith**  
**Chairman**

Signed on the 10th of September 2019.

# Independent audit report

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## Independent auditor's report to the members of Manningham Community Enterprises Limited

### Report on the audit of the financial report

#### Our opinion

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

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

#### What we have audited

Manningham Community Enterprises Limited's (the company) financial report comprises the:

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

#### Basis for opinion

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

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

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

#### Other information

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

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.

# Independent audit report (continued)

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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 Manningham Community 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: 10 September 2019



**Graeme Stewart**  
Lead Auditor

# NSX report

## Share information

In accordance with National Stock Exchange listing rules, the Company provides the following information as at 24 September 2019, which is within six weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held:

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	51	\$33,206
1,001 to 5,000	188	\$545,502
5,001 to 10,000	48	\$377,001
10,001 to 100,000	62	\$1,204,752
100,001 and over	0	\$0
<b>Total shareholders</b>	<b>349</b>	<b>\$2,160,461</b>

Each of the above shareholders are entitled to one vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than five percent of the voting rights) as each shareholder is entitled to one vote. Normally holding more than five percent of the total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the Company.

There are nine shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

**The following table shows the 10 largest shareholders:**

Shareholder	Number of fully paid shares held	Percentage of issued capital
Thomas Leigh Pty Ltd <The Waring Family Superannuation Fund>	90, 002	4.17%
Reolade Pty Ltd <Salmon Superfund A/C>	84, 500	3.91%
Scipio Nominees Pty Ltd	80, 250	3.71%
John Alexander Kent	37, 500	1.74%
Winpar Holdings Limited	35, 750	1.65%
Russel Breadmore & Lynne Breadmore <R & L Breadmore Superfund A/C>	35, 000	1.62%
Ralandian Pty Ltd <Ralandian Superfund A/C>	32, 500	1.50%
Betty Mitchell	30, 000	1.39%
Andreas Wilhelmus Diederick Driessen Op Ten Bulten	25, 750	1.19%
James Douglas Christie and Deborah Anne Christie <Christie Super Fund A/C>	25, 000	1.16%
Judy Anne Tutty & Marcus James Tutty	25, 000	1.16%
	<b>501, 252</b>	<b>23.20%</b>

# NSX report (continued)

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## Registered office and principal administrative office

The registered office of the Company is located at:

900 Doncaster Road  
Doncaster East Victoria 3109  
Telephone: (03) 9840 2028

The principal administrative office of the Company is located at:

900 Doncaster Road  
Doncaster East Victoria 3109  
Telephone: (03) 9840 2028

## Security register

The security register (share register) is kept at:

AFS & Associates  
61-65 Bull Street  
Bendigo Victoria 3550  
Telephone: (03) 5443 5304

## Company Secretary

Victoria Paouros

Victoria is currently employed as a Graduate Investigator at the Australian Competition and Consumer Commission. She began her journey on the MCEL team in 2009, as an inaugural participant of the Company's Junior Observer Program. She formally re-joined the Board in 2012 as since taken on many roles including: Minute Secretary, Company Secretary, Youth Engagement Committee Chair and Director. She holds a number of qualifications, including a Bachelor of Laws (Hons), an Advanced Diploma of Management (HR), a Diploma of Business, a Certificate IV in Training and Education and a Certificate in Governance Practice.

## Corporate Governance

The Company has implemented various corporate governance practices which include:

- (a) The maintenance of a Finance Committee. Members include: James Christie, Colin Roderick Davitt, Ian Goldsmith and Geoffrey Roberts (Directors). Maxwell Chapman and Nicholas Furlong (Board Associates). Pamela Tremlett (Bookkeeper).
- (b) Director approval of operating budgets and monitoring of progress against these budgets;
- (c) Ongoing Director training, and representation at both State and National Conferences; and
- (d) Monthly Director meetings to discuss operational performance and performance against strategy.

## Annexure 3A

There are no material differences between the information in the Company's Annexure 3A and the information in the financial documents in its Annual Report.

5 Year summary of performance

	2015 \$	2016 \$	2017 \$	2018 \$	2019 \$
Net profit before tax	197.14K	258.27K	304.96K	325.96K	349.04K
Total assets	1.266M	1.342M	1.418M	1.678M	1.723M
Total liabilities	244.7K	268.5K	255.2K	431.8K	376.6K
Total equity	1.021M	1.073M	1.162M	1.246M	1.34M

Doncaster East Community Bank Branch  
900 Doncaster Road, Doncaster East VIC 3109  
Phone: 9840 2028 Fax: 9840 2162

Templestowe Village Community Bank Branch  
128 James Street, Templestowe VIC 3106  
Phone: 9846 1455 Fax: 9846 4643

Franchisee: Manningham Community Enterprises Limited  
900 Doncaster Road, Doncaster East VIC 3109  
Phone: 9840 2028 Fax: 9840 2162  
ABN: 69 101 174 270

Share Registry:  
AFS & Associates Pty Ltd  
61-65 Bull Street, Bendigo VIC 3550  
PO Box 454, Bendigo VIC 3552  
Phone: (03) 5443 0344 Fax: (03) 5443 5304  
Email: [shareregistry@afsbendigo.com.au](mailto:shareregistry@afsbendigo.com.au)  
[www.afsbendigo.com.au](http://www.afsbendigo.com.au)

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