

# FORM: Half yearly/preliminary final report

Name of issuer

**Mt Evelyn & Districts Financial Services Limited**

ACN or ABN

**93 096 782 240**

Half yearly  
(tick)

Preliminary  
final (tick)

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

**30 June 2018**

## For announcement to the market

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

				\$A,000
Revenue (item 1.1)	Up	7.5%	to	2,131
Profit for the period (item 1.9)	Down	3%	to	264
Profit for the period attributable to members of the parent (item 1.11)	Down	3%	to	264
<b>Dividends</b>				
Franking rate applicable:		100%		100%
<b>Final dividend</b> (preliminary final report only)(item 10.13-10.14)				
Amount per security		5.5¢		4¢
Franked amount per security		-		-
<b>Interim dividend</b> (Half yearly report only) (item 10.11 – 10.12)				
Amount per security		-		-
Franked amount per security		-		-
Short details of any bonus or cash issue or other item(s) of importance not previously released to the market:				

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

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenues <i>(item 7.1)</i>	2,131	1,982
1.2 Expenses, excluding finance costs <i>(item 7.2)</i>	(1,767)	(1,606)
1.3 Finance costs	-	-
1.4 Share of net profits (losses) of associates and joint ventures <i>(item 15.7)</i>	-	-
1.5 <b>Profit before income tax</b>	364	376
1.6 Income tax expense <i>(see note 4)</i>	(100)	(103)
1.7 Profit (loss) from continuing operations	-	-
1.8 Profit (loss) from discontinued operations <i>(item 13.3)</i>	-	-
1.9 <b>Profit for the period</b>	264	273
1.10 Profit (loss) attributable to minority interests	-	-
1.11 <b>Profit attributable to members of the parent</b>	264	273
1.12 Basic earnings per security <i>(item 9.1)</i>	8.98¢	9.28¢
1.13 Diluted earnings per security <i>(item 9.1)</i>	8.98¢	9.28¢
1.14 Dividends per security <i>(item 9.1)</i>	5.5¢	4¢

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

	Current period - \$A'000	Previous corresponding period - \$A'000
2.1 Consolidated profit (loss) after tax attributable to members reported for the 1st half year <i>(item 1.11 in the half yearly statement)</i>	135	110
2.2 Consolidated profit (loss) after tax attributable to members for the 2nd half year	129	163

## Consolidated balance sheet

(See note 5)

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

<b>Current assets</b>		Current period - \$A'000	Previous corresponding period - \$A'000
3.1	Cash and cash equivalents	1,290	1,314
3.2	Trade and other receivables	205	199
3.3	Inventories	-	-
3.4	Other current assets (current tax asset)	-	-
3.5	<b>Total current assets</b>	<b>1,495</b>	<b>1,513</b>
<b>Non-current assets</b>			
3.6	Available for sale investments	-	-
3.7	Other financial assets	-	-
3.8	Investments in associates	-	-
3.9	Deferred tax assets	38	35
3.10	Exploration and evaluation expenditure capitalised (see para. 71 of AASB 1022 – new standard not yet finalised)	-	-
3.11	Development properties (mining entities)	-	-
3.12	Property, plant and equipment (net)	991	991
3.13	Investment properties	-	-
3.14	Goodwill	-	-
3.15	Other intangible assets	76	104
3.16	Other (financial assets)	-	-
3.17	<b>Total non-current assets</b>	<b>1,105</b>	<b>1,130</b>
3.18	<b>Total assets</b>	<b>2,600</b>	<b>2,643</b>
<b>Current liabilities</b>			
3.19	Trade and other payables	106	213
3.20	Short term borrowings	2	2
3.21	Current tax payable	22	74
3.22	Short term provisions	158	136
3.23	Current portion of long term borrowings	-	-
3.24	Other current liabilities (provide details if material)	-	-
		<b>288</b>	<b>425</b>
3.25	Liabilities directly associated with non-current assets classified as held for sale (para 38 of AASB 5)	-	-
3.26	<b>Total current liabilities</b>	<b>288</b>	<b>425</b>

<b>Non-current liabilities</b>			
		Current period - \$A'000	Previous corresponding period - \$A'000
3.27	Long-term borrowings	-	-
3.28	Deferred tax liabilities	-	-
3.29	Long term provisions	15	23
3.30	Other (provide details if material)		-
3.31	<b>Total non-current liabilities</b>	15	23
3.32	<b>Total liabilities</b>	303	448
3.33	<b>Net assets</b>	2,297	2,195
	<b>Equity</b>		
3.34	Share capital	1,527	1,527
3.35	Other reserves	-	-
3.36	Retained earnings	770	668
	Amounts recognised directly in equity relating to non-current assets classified as held for sale	-	-
3.37	<b>Parent interest</b>	-	-
3.38	<b>Minority interest</b>	-	-
3.39	<b>Total equity</b>	2,297	2,195



## Consolidated statement of changes in equity

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

	Current period – A\$'000	Previous corresponding period – A\$'000
Revenues recognised directly in equity:	-	-
Expenses recognised directly in equity:	-	-
4.1 <b>Net income recognised directly in equity</b>	-	-
4.2 <b>Profit for the period</b>	264	273
4.3 <b>Total recognised income and expense for the period</b>	264	273
Attributable to:		
4.4 Members of the parent	264	273
4.5 Minority interest	-	-
Effect of changes in accounting policy (as per AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors):		
4.6 Members of the parent entity	-	-
4.7 Minority interest	-	-

# **Consolidated statement of cash flows**

(See note 6)

(as per AASB 107: Cash Flow Statements)

		Current period - \$A'000	Previous corresponding period - \$A'000
	<b>Cash flows related to operating activities</b>		
5.1	Receipts from customers	2,332	2,152
5.2	Payments to suppliers and employees	(1,890)	(1,721)
5.3	Interest and other costs of finance paid	-	-
5.4	Income taxes paid	(155)	(75)
5.5	Other (interest received)	19	8
5.6	<b>Net cash used in operating activities</b>	<b>306</b>	<b>364</b>
	<b>Cash flows related to investing activities</b>		
5.7	Payments for purchases of property, plant and equipment	(33)	(2)
5.8	Proceeds from sale of property, plant and equipment	-	-
5.9	Payment for purchases of equity investments	-	-
5.10	Proceeds from sale of equity investments	-	-
5.11	Loans to other entities	-	-
5.12	Loans repaid by other entities	-	-
5.13	Interest and other items of similar nature received	-	-
5.14	Dividends received	-	-
5.15	Other (provide details if material)	(135)	-
	Payments for intangible assets		
5.16	<b>Net cash used in investing activities</b>	<b>(168)</b>	<b>(2)</b>
	<b>Cash flows related to financing activities</b>		
5.17	Proceeds from issues of securities (shares, options, etc.)	-	-
5.18	Proceeds from borrowings	-	-
5.19	Repayment of borrowings	-	-
5.20	Dividends paid	(162)	(118)
5.21	Other (provide details if material)	-	-
5.22	<b>Net cash used in financing activities</b>	<b>(162)</b>	<b>(118)</b>
	<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(24)</b>	<b>244</b>
5.23	Cash at beginning of period (see Reconciliations of cash)	1,314	1,070
5.24	Exchange rate adjustments to item 5.23	-	-
5.25	<b>Cash at end of period</b> (see Reconciliation of cash)	<b>1,290</b>	<b>1,314</b>

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

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

		Current period \$A'000	Previous corresponding period \$A'000
6.1	<b>Profit</b> <i>(item 1.9)</i>	264	273
	Adjustments for:		
6.2	Depreciation	34	34
6.3	Amortisation	27	26
6.4	Disposal on asset	-	-
6.5	(Increase)/decrease in receivables	(7)	(7)
6.6	(Increase)/decrease in deferred tax assets	(3)	-
6.7	Increase/(decrease) in payables	28	(2)
6.8	Increase/(decrease) in provisions	15	12
6.9	(Increase)/decrease in current tax assets	(52)	28
6.10	<b>Net cash from operating activities</b> <i>(item 5.6)</i>	306	364

## **Notes to the financial statements**

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

(see note 16)

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

	Current period - \$A'000	Previous corresponding period - \$A'000
Revenue		
Services commissions	2,095	1,945
Interest	16	16
Other revenue	20	21
7.1 Total Revenue	2,131	1,982
Expenses		
Employee benefits expense	(1,168)	(1,056)
Charitable donations, sponsorship, advertising and promotion	(229)	(180)
Occupancy and associated costs	(72)	(69)
Systems costs	(62)	(56)
Depreciation and amortisation expense	(61)	(60)
Finance costs	-	-
General administration expenses	(175)	(185)
7.2 Total Expenses	(1,767)	(1,606)
Profit (loss) before tax	364	376

<b>Ratios</b>	Current period	Previous corresponding period
<b>Profit before tax / revenue</b>		
8.1 Consolidated profit (loss) before tax (item 1.5) as a percentage of revenue (item 1.1)	17.09%	18.98%
<b>Profit after tax / equity interests</b>		
8.2 Consolidated profit (loss) after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 3.37)	11.49%	12.42%

### Earnings per Security

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

	Current period	Previous corresponding period
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating earnings per share	264,098	272,764
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,940,081	2,940,081
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share (if different from basic)	-	-

### Dividends

- 10.1 Date the dividend is payable

N/A

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

N/A

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

(Preliminary final report only)

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

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

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- 10.5 Any other disclosures in relation to dividends or distributions

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### Dividends paid or provided for on all securities

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

	Current period - \$A'000	Previous corresponding period - \$A'000	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>			
10.6 Current year interim	-	-	-
10.7 Franked dividends	-	-	-
10.8 Previous year final	-	-	-
10.9 Franked dividends	162	118	100%
<b>Dividends proposed and not recognised as a liability</b>			
10.10 Franked dividends	-	-	-

### Dividends per security

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

	Current year	Previous year	Franking rate applicable
<b>Dividends paid or provided for during the reporting period</b>			
10.11 Current year interim	-	-	-
10.12 Franked dividends – cents per share	5.5¢	4¢	100%
10.13 Previous year final	-	-	-
10.14 Franked dividends – cents per share	-	-	-
<b>Dividends proposed and not recognised as a liability</b>			
10.15 Franked dividends – cents per share	-	-	-

**Exploration and evaluation expenditure capitalised**

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

	Current period \$A'000	Previous corresponding period \$A'000
11.1 Opening balance	-	-
11.2 Expenditure incurred during current period	-	-
11.3 Expenditure written off during current period	-	-
11.4 Acquisitions, disposals, revaluation increments, etc.	-	-
11.5 Expenditure transferred to Development Properties	-	-
11.6 <b>Closing balance as shown in the consolidated balance sheet</b> (item 3.10)	-	-

**Development properties**

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

	Current period \$A'000	Previous corresponding period \$A'000
12.1 Opening balance	-	-
12.2 Expenditure incurred during current period	-	-
12.3 Expenditure transferred from exploration and evaluation	-	-
12.4 Expenditure written off during current period	-	-
12.5 Acquisitions, disposals, revaluation increments, etc.	-	-
12.6 Expenditure transferred to mine properties	-	-
12.7 <b>Closing balance as shown in the consolidated balance sheet</b> (item 3.11)	-	-

**Discontinued Operations**

*(see note 18)*

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

	Current period – A\$'000	Previous corresponding period – A\$'000
13.1 Revenue	-	-
13.2 Expense	-	-
13.3 <b>Profit (loss) from discontinued operations before income tax</b>	-	-
13.4 Income tax expense <i>(as per para 81 (h) of AASB 112)</i>	-	-
13.5 <b>Gain (loss) on sale/disposal of discontinued operations</b>	-	-
13.6 Income tax expense <i>(as per paragraph 81(h) of</i>	-	-

**Movements in Equity**

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

	<b>Number issued</b>	<b>Number listed</b>	<b>Paid-up value (cents)</b>	<b>Current period – A\$'000</b>	<b>Previous corresponding period – A\$'000</b>
<b>14.1 Preference securities</b> <i>(description)</i>					
14.2 Balance at start of period	-	-	-	-	-
14.3 a) Increases through issues	-	-	-	-	-
14.4 a) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.5 Balance at end of period	-	-	-	-	-
<b>14.6 Ordinary securities</b> <i>(ordinary shares fully paid)</i>					
14.7 Balance at start of period	2,940,081	2,940,081	100	1,528	1,528
14.8 a) Increases through issues	-	-	-	-	-
14.9 b) Decreases through returns of capital, buybacks etc.	-	-	-	-	-
14.10 Balance at end of period	2,940,081	2,940,081	100	1,528	1,528
<b>14.11 Convertible Debt Securities</b> <i>(description &amp; conversion factor)</i>					
14.12 Balance at start of period	-	-	-	-	-
14.13 a) Increases through issues	-	-	-	-	-
14.14 b) Decreases through maturity, converted.	-	-	-	-	-



14.15	Balance at end of period	-	-	-	-	-
		<b>Number issued</b>	<b>Number listed</b>	<b>Paid-up value (cents)</b>	<b>Current period – A\$'000</b>	<b>Previous corresponding period – A\$'000</b>
14.16	<b>Options</b> <i>(description &amp; conversion factor)</i>					
14.17	Balance at start of period	-	-	-	-	-
14.18	Issued during period	-	-	-	-	-
14.19	Exercised during period	-	-	-	-	-
14.20	Expired during period	-	-	-	-	-
14.21	Balance at end of period	-	-	-	-	-
14.22	<b>Debentures</b> <i>(description)</i>					
14.23	Balance at start of period	-	-	-	-	-
14.24	a) Increases through issues	-	-	-	-	-
14.25	b) Decreases through maturity, converted	-	-	-	-	-
14.26	Balance at end of period	-	-	-	-	-
14.27	<b>Unsecured Notes</b> <i>(description)</i>					
14.28	Balance at start of period	-	-	-	-	-
14.29	a) Increases through issues	-	-	-	-	-
14.30	b) Decreases through maturity, converted	-	-	-	-	-
14.31	Balance at end of period	-	-	-	-	-
14.32	<b>Total Securities</b>	2,940,081	2,940,081	100	1,528	1,528

	Current period – A\$'000	Previous corresponding period – A\$'000
<b>Reserves</b>		
14.33 Balance at start of period	-	-
14.34 Transfers to/from reserves	-	-
14.35 Total for the period	-	-
14.36 Balance at end of period	-	-
14.37 <b>Total reserves</b>	-	-
<b>Retained earnings</b>		
14.38 <b>Balance at start of period</b>	668	513
14.39 Changes in accounting policy	-	-
14.40 Restated balance	-	-
14.41 Profit for the balance	264	273
14.42 Total for the period	-	-
14.43 Dividends	(162)	(118)
14.44 <b>Balance at end of period</b>	770	668

**Details of aggregate share of profits (losses) of associates and joint venture entities***(equity method)**(as per paragraph Aus 37.1 of AASB 128: Investments in Associates and paragraph Aus 57.3 of AASB 131: Interests in Joint Ventures)*

Name of associate or joint venture entity

Reporting entities percentage holding

		Current period - \$A'000	Previous corresponding period - \$A'000
15.1	Profit (loss) before income tax	-	-
15.2	Income tax	-	-
15.3	<b>Profit (loss) after tax</b>	-	-
15.4	Impairment losses	-	-
15.5	Reversals of impairment losses	-	-
15.6	Share of non-capital expenditure contracted for (excluding the supply of inventories)	-	-
15.7	<b>Share of net profit (loss) of associates and joint venture entities</b>	-	-

**Control gained over entities having material effect***(See note 8)*16.1 Name of *issuer* (or *group*)16.2 Consolidated profit (loss) after tax of the *issuer* (or *group*) since  
the date in the current period on which control was acquired16.3 Date from which profit (loss) in *item 16.2* has been calculated16.4 Profit (loss) after tax of the *issuer* (or *group*) for the whole of the  
previous corresponding period

\$A'000
-
-
-

**Loss of control of entities having material effect***(See note 8)*17.1 Name of *issuer* (or *group*)17.2 Consolidated profit (loss) after tax of the entity (or *group*) for the current period to the date of loss of control17.3 Date from which the profit (loss) in *item 17.2* has been calculated17.4 Consolidated profit (loss) after tax of the entity (or *group*) while controlled during the whole of the previous corresponding period

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

\$A'000
-
-
-
-

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

		Percentage of ownership interest (ordinary securities, units etc) held at end of period or date of disposal		Contribution to profit (loss) ( <i>item 1.9</i> )	
18.1	Equity accounted associated entities	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
		-	-	Equity accounted	
				-	-
				-	-
18.2	Total	-	-	-	-
18.3	Other material interests	-	-	Non equity accounted (i.e. part of <i>item 1.9</i> )	
				-	-
				-	-
18.4	Total	-	-	-	-

### Reports for industry and geographical segments

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

	Current period - \$A'000	Previous corresponding period - \$A'000
<b>Segments</b>		
Revenue:		
19.1 External sales	-	-
19.2 Inter-segment sales	-	-
19.3 <b>Total</b> (consolidated total equal to item 1.1)	-	-
19.4 Segment result	-	-
19.5 Unallocated expenses	-	-
19.6 <b>Operating profit</b> (equal to item 1.5)	-	-
19.7 Interest expense	-	-
19.8 Interest income	-	-
19.9 Share of profits of associates	-	-
19.10 Income tax expense	-	-
19.11 <b>Net profit</b> (consolidated total equal to item 1.9)	-	-
<b>Other information</b>	-	-
19.12 Segment assets	-	-
19.13 Investments in equity method associates	-	-
19.14 Unallocated assets	-	-
19.15 <b>Total assets</b> (equal to item 3.18)	-	-
19.16 Segment liabilities	-	-
19.17 Unallocated liabilities	-	-
19.18 <b>Total liabilities</b> (equal to item 3.32)	-	-
19.19 Capital expenditure	-	-
19.20 Depreciation	-	-
19.21 Other non-cash expenses	-	-

## NTA Backing

(see note 7)

20.1	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	74¢	70¢

## Non-cash financing and investing activities

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

21.1	n/a
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## International Financial Reporting Standards

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

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

22.2	n/a
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**Comments by directors**

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

**Basis of accounts preparation**

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

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

There are no matters or circumstances that have arisen since the end of the half year reporting period that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

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

n/a

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

Franking credits currently available are: \$377,760

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

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

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

n/a

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

n/a

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

n/a

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

n/a

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

n/a

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

n/a



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

The annual meeting will be held as follows:

Place

Mt Evelyn Christian School, Hawkins Road,  
Mt Evelyn

Date

27 November 2018

Time

7 pm

Approximate date the annual report will be available

29 October 2018

**Compliance statement**

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

Identify other standards used

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

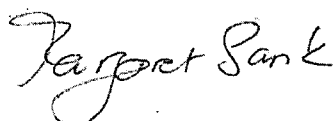
3. This statement does give a true and fair view of the matters disclosed (see note 2).

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

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

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

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



7.

Sign here: .....  
(Director/Company secretary)

Date: 9 September 2018

Print name: Margaret Sank

## Notes

1. **For announcement to the market** The percentage changes referred to in this section are the percentage changes calculated by comparing the current period's figures with those for the previous corresponding period. Do not show percentage changes if the change is from profit to loss or loss to profit, but still show the amount of the change up or down. If changes in accounting policies or procedures have had a material effect on reported figures, do not show either directional or percentage changes in profits. Explain the reason for the omissions in the note at the end of the announcement section. *Issuers* are encouraged to attach notes or fuller explanations of any significant changes to any of the items in page 1. The area at the end of the announcement section can be used to provide a cross reference to any such attachment.
2. **True and fair view** If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the *issuer* must attach a note providing additional information and explanations to give a true and fair view.
3. **Consolidated statement of financial performance**

Item 1.1	The definition of "revenue" is set out in <i>AASB 118: Revenue</i>
Item 1.6	This item refers to the total tax attributable to the amount shown in <i>item 1.5</i> . Tax includes income tax and capital gains tax (if any) but excludes taxes treated as expenses from ordinary activities (eg. fringe benefits tax).
4. **Income tax** If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the issuer must explain in a note the major items responsible for the difference and their amounts. The rate of tax applicable to the franking amount per dividend should be inserted in the heading for the column "Franking rate applicable" for items in *section 9*.
5. **Consolidated statement of financial position**

**Format** The format of the consolidated statement of financial position should be followed as closely as possible. However, additional items may be added if greater clarity of exposition will be achieved, provided the disclosure still meets the requirements of *AASB 134: Interim Financial Reporting*, and *AASB 101: Presentation of Financial Statements*. Banking institutions, trusts and financial institutions may substitute a clear liquidity ranking for the Current/Non-Current classification.

**Basis of revaluation** If there has been a material revaluation of non-current assets (including investments) since the last annual report, the *issuer* must describe the basis of revaluation adopted. The description must meet the requirements of *AASB 116: Property, Plant and Equipment*. If the *issuer* has adopted a procedure of regular revaluation, the basis for which has been disclosed and has not changed, no additional disclosure is required.
6. **Consolidated statement of cash flows** For definitions of "cash" and other terms used in this statement see *AASB 107: Cash Flow Statements*. *Issuers* should follow the form as closely as possible, but variations are permitted if the *directors* (in the case of a trust, the management company) believe that this presentation is inappropriate. However, the presentation adopted must meet the requirements of *AASB 107*.
7. **Net tangible asset backing** Net tangible assets are determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary *securities* (i.e. all liabilities, preference shares, outside equity interests, etc). Mining *issuers* are *not* required to state a net tangible asset backing per ordinary *security*.

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

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

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

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

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

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

# Mt Evelyn & Districts Financial Services Limited

ABN: 93 096 782 240

Financial Statements

For the year ended

30 June 2018

# Mt Evelyn & Districts Financial Services Limited

## Directors' Report

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

### Directors

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

Terry John Marshall

Director

Occupation: Sales Executive, Semi-Retired

Qualifications, experience and expertise: Sales executive in the gift industry for the past 39 years. The past 10 years self-employed. Involved in a number of community groups over the years, the latest being with The Basin Wildcats Basketball Club. Past Chair of the Canterbury Gardens Community Bank Steering Committee.

Special responsibilities: Chairman from 30 June 2015

Interest in shares: Nil

Margaret Calder Sank

Director

Occupation: Accountant, Treasurer & Company Secretary

Qualifications, experience and expertise: CPA, Bachelor of Business. Past Director of a successful Accounting and Business Advisory Practice and over 30 years experience with small to medium sized entities. Significant and continuing leadership roles in various community organisations.

Special responsibilities: Treasurer & Company Secretary

Interest in shares: 25,003

Jillian Lorraine Rule

Director

Occupation: Semi-retired

Qualifications, experience and expertise: Dip. Fashion Design Drawing & Drafting. Business owner, now semi-retired. A Steering Committee Member of Mt Evelyn Community Bank Branch, prior Chairperson and Vice-Chairperson of the Board. Previously a President of the Mt Evelyn Chamber of Commerce. Proactive in Steering Committee for the establishment of Montrose Community Bank Branch.

Special responsibilities: Board Secretary

Interest in shares: 83,628

Gareth Martin Little-Hales

Director

Occupation: Senior Environmental Health Officer

Qualifications, experience and expertise: Bachelor of Science (Honours), Environmental Health, Dip. Business. Over 25 years experience in local government. Emigrated from the UK in 2002 where he was a Fellow of the Institute of Home Safety. Has served on a number of community boards in UK and Australia. Past President Montrose Township Group and prior Chair of Montrose Community Bank Branch Steering Committee, and an active member of various community organisations.

Special responsibilities: Social Media Manager

Interest in shares: 1,500

Gai Williams

Director

Occupation: Part-time Consultant

Qualifications, experience and expertise: Bachelor of Pharmacy, A.F.A.I.P.M. Pharmacist Owner and Operator for 24 years. Previously Chair of the Board of Guardian Pharmacies Australia.

Special responsibilities: Vice-Chairman

Interest in shares: 27,000

# Mt Evelyn & Districts Financial Services Limited

## Directors' Report

### Directors (*continued*)

Iain Warren Fraser

Director

Occupation: Victoria Police

Qualifications, experience and expertise: Dip. Public Safety (Policing). Currently studying for BA (Public Sector Leadership & Management). Senior Sergeant in Victoria Police based in Melbourne CBD. Past member of the Montrose Community Bank Branch Steering Committee, and an active member of various community organisations.

Special responsibilities: Nil

Interest in shares: 3,500

Laura Elizabeth Lilley

Director

Occupation: Chartered Accountant

Qualifications, experience and expertise: Qualified Chartered Accountant and currently works as a Management Accountant for a large organisation in the city. Laura has been a resident of Mt Evelyn since 2005. Born and raised in Lilydale (on the border of Mt Evelyn) where her parents still reside and has a strong sense of connection with the local area. Over the years has been involved in many community groups, from Tennis, Basketball and Scouts when growing up and continues this involvement now through her family's activities.

Special responsibilities: Assistant Treasurer and Audit Committee

Interest in shares: Nil

Duuna Rochelle Landman

Director

Occupation: Business Owner

Qualifications, experience and expertise: Diploma of Accounting, Duuna has been a business owner for 20 years and moved into the Montrose area 17 years ago. Duuna was an active member of the Canterbury Gardens Community Bank Steering Committee and is a past treasurer of Ejays Softball Club and Chandler Park Jets Basketball. She has also been involved in the local Montrose kindergarten and primary school during the time her 3 children attended.

Special responsibilities: Nil

Interest in shares: Nil

Prue Cathley Northey

Director (*Appointed 29 May 2018*)

Occupation: Event Manager

Qualifications, experience and expertise: Diploma of Business (Event) Management. Current Event Manager with Epicure based at the Melbourne Cricket Ground, past Chairperson of Yarra Rangers Relay for life for 7 years, Yarra Ranges Young Citizen of the Year in 2015, current Event and Social Media Team Leader and general committee member of the Mount Evelyn Football Netball Club.

Special responsibilities: Nil

Interest in shares: Nil

John David Stroud

Director (*Appointed 27 March 2018*)

Occupation: Semi retired Consultant

Qualifications, experience and expertise: Graduate Certificate of Management and Certificate in Electronics as well as extensive development and training over the years. John is semi-retired after working in the telecommunications industry for 45 years with 30 of those as an operations manager. John is a long-term member of the Mount Evelyn community and has been actively involved with numerous community groups over the years. He played football at Mount Evelyn Football Netball Club and recently served as president for six years.

Special responsibilities: Nil

Interest in shares: 5,000

# Mt Evelyn & Districts Financial Services Limited

## Directors' Report

### Directors (*continued*)

Belinda Jane Wilson

Director (*Resigned 20 November 2017*)

Occupation: Marketing Manager

Qualifications, experience and expertise: Belinda has lived and worked in the Mt Evelyn area since 2002, and has built some great community connections with local businesses, kinders, schools, sporting and community groups. Her career experience has been heavily focused on banking with 20 years experience and more recently Community Development and Marketing and Communications Management. In addition to this Belinda assists her husband to manage their family business which was established in 2002 and has her own Social Media business, supporting local businesses.

Special responsibilities: Nil

Interest in shares: Nil

Craig Keithley

Director (*Resigned 14 August 2017*)

Occupation: Police Sergeant

Qualifications, experience and expertise: Dip. Frontline Management, Dip. Project Management. Police Officer who has been the Officer in Charge of the Mt Evelyn Police Station since 2001. Has worked both as a uniformed member and detective.

Special responsibilities: Nil

Interest in shares: 3,000

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

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

### Company Secretary

The company secretary is Margaret Sank. Margi was appointed to the position of secretary on 21 June 2011.

Margi is a CPA and holds a Bachelor of Business. She has over 30 years experience with small to medium sized business entities.

### 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 at Mt Evelyn and Montrose, Victoria.

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	Year ended
30 June 2018	30 June 2017
\$	\$
264,098	272,764

# Mt Evelyn & Districts Financial Services Limited

## Directors' Report

### **Operating and financial review**

#### ***Operations***

The company has had another successful year in 2017/2018. In spite of various economic forces and a tightening of margins we achieved a net profit after tax of \$264,098. The net profit in 2017 was \$272,764.

Profit before income tax decreased by 3% from \$376,225 in 2017 to \$364,276 in 2018.

Revenue increased by 8% from \$1,982,339 in 2017 to \$2,131,525 in 2018.

Total expenses, inclusive of charitable donations, sponsorship, advertising and promotion, increased by 10% from \$1,606,114 in 2017 to \$1,767,249 in 2018. There have been minor fluctuations in most of the expense categories, with employee expenses increasing due to staff changes and increased sponsorship in the community.

We continue to monitor all of our costs to ensure we maintain operational efficiency whilst still contributing to the communities in which we operate.

Combined business volume of the two branches grew by \$24.74 million to \$265.63 million. This growth in business volume has mitigated the reduction in margin and fees income share.

Mt Evelyn business volume grew by \$21.88 million, and Montrose grew by \$2.86 million.

As a mature bank branch, Mt Evelyn has been affected by borrowers taking advantage of the low interest rate environment and paying down their debt levels at a higher rate than required.

The ratio of deposits to loans of 76.83% provides a good spread of business. (Combined deposits \$115.4 million against Loans of \$150.2 million).

The board and staff have again focussed on strengthening our community partnerships. The strength of the company continues to lie in the staff it employs, the customer service it offers and the relationship with the communities in which it operates.

#### ***Financial position***

During the year, the company's total net assets increased by \$102,394 to \$2,297,797. The fully franked dividend was 5.5 cents per share and totalled \$161,704.

Our current assets decreased by \$17,707 whilst our non-current assets decreased by \$24,552; the net decrease being \$42,259. Our total liabilities decreased by \$144,653.

#### **Discussion of business strategies and prospects for future financial years**

The results achieved in 2017/2018 have been achieved in a continued tightening of the economic environment in which we operate. We have shrinking markets and increased competition. Despite the increase in business volume, our margin and income share on the products we offer has reduced and some of our expenses have increased. We see this economic environment continuing and are working to build our business and contain our expenses, whilst maintaining our value to the community and our operational efficiency.

We continue to build strong relationships with many groups in the communities in which we operate. We continue to seek to attract new customers to our network whilst strengthening the relationship with existing customers and shareholders.



# Mt Evelyn & Districts Financial Services Limited

## Directors' Report

### Remuneration report

#### Remuneration policy

The remuneration policy of Mt Evelyn & Districts Financial Services Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives. The Board believe the remuneration policy to be appropriate and effective. The following criteria is applied to determine the remuneration of the Directors, Office Bearers and Senior Management:

(a) The Board policy for determining the nature and amount of remuneration is as follows:

- i. Attends a minimum of 6 face-to-face Board and/or committee meetings;
- ii. Attends the Annual General Meeting and/or one other **Community Bank** forum; and
- iii. Directors will only receive payments after 6 months of service.

(b) The prescribed details in relation to the remuneration of:

- i. Each Director of the Company receives \$2,506, and
  - ii. During the 2018 Financial Year, Chair received \$22,733, Vice-Chair received \$6,267, Board Secretary received \$6,267, Company Secretary/Treasurer received \$20,227, Assistant Treasurer received \$6,267.
- In accordance, with succession planning and director role review Vice-Chair and Board Secretary to receive \$6,267 each, Social Media Manager to receive \$5,000, Assistant Treasurer \$10,000, Company Secretary/Treasurer to receive \$20,227, and Chair to receive \$22,733.

#### Remuneration benefits and payments

Other than detailed below, no Director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a Director, a firm which a Director is a member or an entity in which a Director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

#### Directors' remuneration

For the year ended 30 June 2018 the directors received total remuneration including superannuation, as follows:

Terry John Marshall	22,733
Margaret Calder Sank	20,227
Jillian Lorraine Rule	6,267
Gareth Little-Hales	3,545
Gai Williams	6,267
Iain Warren Fraser	2,506
Laura Elizabeth Lilley	6,267
Duuna Rochelle Landman	1,671
Prue Cathley Northey ( <i>Appointed 29 May 2018</i> )	-
John David Stroud ( <i>Appointed 27 March 2018</i> )	-
Belinda Jane Wilson ( <i>Resigned 20 November 2017</i> )	1,666
Craig Keithley ( <i>Resigned 14 August 2017</i> )	835
	<hr/>
	71,984
	<hr/>

#### Transactions with directors

\$

Jillian Rule owns the premises situated at Shop 6-17 Wray crescent, Mt Evelyn. The premises are rented on normal commercial terms as administration offices and Board suite.

18,720

# Mt Evelyn & Districts Financial Services Limited

## Directors' Report

### Remuneration report (*continued*)

#### Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year
Terry John Marshall	-	-	-
Margaret Calder Sank	25,003	-	25,003
Jillian Lorraine Rule	83,628	-	83,628
Gareth Little-Hales	1,500	-	1,500
Gai Williams	27,000	-	27,000
Iain Warren Fraser	3,500	-	3,500
Laura Elizabeth Lilley	-	-	-
Duuna Rochelle Landman	-	-	-
Prue Cathley Northey ( <i>Appointed 29 May 2018</i> )	-	-	-
John David Stroud ( <i>Appointed 27 March 2018</i> )	-	5,000	5,000
Belinda Jane Wilson ( <i>Resigned 20 November 2017</i> )	-	-	-
Craig Keithley ( <i>Resigned 14 August 2017</i> )	3,000	- 3,000	-

	Year ended 30 June 2018	
Dividends	Cents	\$
Dividends paid in the year	5.5	161,704

#### Significant changes in the state of affairs

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

#### Events since the end of the financial year

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

#### Likely developments

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

#### Environmental regulation

The company is not subject to any significant environmental regulation.

#### Indemnification and insurance of directors and officers

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

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

# Mt Evelyn & Districts Financial Services Limited

## Directors' Report

### Directors' meetings

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

	Board Meetings Attended		Committee Meetings Attended			
	<u>Eligible</u>	<u>Attended</u>	Audit <u>Eligible</u>	<u>Attended</u>	Human Resources <u>Eligible</u>	<u>Attended</u>
Terry John Marshall	10	10	3	3	2	2
Margaret Calder Sank	10	10	3	3	2	2
Jillian Lorraine Rule	10	10	3	3	2	2
Gareth Martin Little-Hales	10	10	-	-	-	-
Gai Williams	10	10	-	-	2	2
Iain Warren Fraser	10	6	-	-	-	-
Laura Elizabeth Lilley	10	10	3	3	-	-
Duuna Rochelle Landman	10	6	-	-	-	-
Prue Cathley Northey <sup>1</sup>	2	1	-	-	-	-
John David Stroud <sup>2</sup>	3	3	-	-	-	-
Belinda Jane Wilson <sup>3</sup>	4	3	-	-	-	-
Craig Keithley <sup>4</sup>	1	1	-	-	-	-

<sup>1</sup> - (Appointed 29 May 2018)

<sup>2</sup> - (Appointed 27 March 2018)

<sup>3</sup> - (Resigned 20 November 2017)

<sup>4</sup> - (Resigned 14 August 2017)

# Mt Evelyn & Districts Financial Services Limited

## Directors' Report

### Proceedings on behalf of the company

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

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

### Non audit services

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

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

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

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

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 9.

Signed in accordance with a resolution of the board of directors at Mt Evelyn, Victoria on 10 September 2018.



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Terry John Marshall, Chairman

**Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Mt Evelyn & Districts Financial Services Limited**

As lead auditor for the audit of Mt Evelyn & Districts Financial Services Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been:

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo Vic 3550  
Dated: 10 September 2018



**David Hutchings**  
**Lead Auditor**

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

	Notes	2018 \$	2017 \$
Revenue from ordinary activities	4	2,131,525	1,982,339
Employee benefits expense		(1,168,059)	(1,055,856)
Charitable donations, sponsorship, advertising and promotion		(229,388)	(179,776)
Occupancy and associated costs		(72,041)	(69,126)
Systems costs		(61,916)	(55,908)
Depreciation and amortisation expense	5	(60,883)	(60,268)
Finance costs	5	(96)	(83)
General administration expenses		(174,866)	(185,097)
<b>Profit before income tax expense</b>		<b>364,276</b>	<b>376,225</b>
Income tax expense	6	(100,178)	(103,461)
<b>Profit after income tax expense</b>		<b>264,098</b>	<b>272,764</b>
<b>Total comprehensive income for the year attributable to the ordinary shareholders of the company:</b>			
		<b>264,098</b>	<b>272,764</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
Basic earnings per share	22	8.98	9.28

Mt Evelyn & Districts Financial Services Limited  
Balance Sheet  
as at 30 June 2018

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	1,289,837	1,314,250
Trade and other receivables	8	205,443	198,737
<b>Total current assets</b>		<b>1,495,280</b>	<b>1,512,987</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	991,090	991,227
Intangible assets	10	76,358	103,344
Deferred tax asset	11	37,639	35,068
<b>Total non-current assets</b>		<b>1,105,087</b>	<b>1,129,639</b>
<b>Total assets</b>		<b>2,600,367</b>	<b>2,642,626</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Current tax liabilities	11	21,857	74,180
Trade and other payables	12	105,908	213,340
Borrowings	13	1,749	1,653
Provisions	14	157,704	135,588
<b>Total current liabilities</b>		<b>287,218</b>	<b>424,761</b>
<b>Non-current liabilities</b>			
Provisions	14	15,352	22,462
<b>Total non-current liabilities</b>		<b>15,352</b>	<b>22,462</b>
<b>Total liabilities</b>		<b>302,570</b>	<b>447,223</b>
<b>Net assets</b>		<b>2,297,797</b>	<b>2,195,403</b>
<b>EQUITY</b>			
Issued capital	15	1,527,561	1,527,561
Retained earnings	16	770,236	667,842
<b>Total equity</b>		<b>2,297,797</b>	<b>2,195,403</b>

The accompanying notes form part of these financial statements

Mt Evelyn & Districts Financial Services Limited  
Statement of Changes in Equity  
for the year ended 30 June 2018

	Notes	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2016</b>		1,527,561	512,681	2,040,242
Total comprehensive income for the year		-	272,764	272,764
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	(117,603)	(117,603)
<b>Balance at 30 June 2017</b>		<b>1,527,561</b>	<b>667,842</b>	<b>2,195,403</b>
<b>Balance at 1 July 2017</b>		1,527,561	667,842	2,195,403
Total comprehensive income for the year		-	264,098	264,098
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued during period		-	-	-
Costs of issuing shares		-	-	-
Dividends provided for or paid	21	-	(161,704)	(161,704)
<b>Balance at 30 June 2018</b>		<b>1,527,561</b>	<b>770,236</b>	<b>2,297,797</b>

The accompanying notes form part of these financial statements





# Mt Evelyn & Districts Financial Services Limited

## Statement of Cash Flows

for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,331,685	2,151,826
Payments to suppliers and employees		(1,889,806)	(1,720,384)
Interest received		19,046	7,994
Interest paid		-	7
Income taxes paid		(155,072)	(75,398)
<b>Net cash provided by operating activities</b>	<b>17</b>	<b>305,853</b>	<b>364,045</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(33,627)	(2,546)
Payments for intangible assets		(134,935)	-
<b>Net cash used in investing activities</b>		<b>(168,562)</b>	<b>(2,546)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	21	(161,704)	(117,603)
<b>Net cash used in financing activities</b>		<b>(161,704)</b>	<b>(117,603)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(24,413)</b>	<b>243,896</b>
Cash and cash equivalents at the beginning of the financial year		1,314,250	1,070,354
<b>Cash and cash equivalents at the end of the financial year</b>	<b>7(a)</b>	<b>1,289,837</b>	<b>1,314,250</b>

The accompanying notes form part of these financial statements

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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### Note 1. Summary of significant accounting policies

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#### a) Basis of preparation

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

##### *Compliance with IFRS*

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

##### *Critical accounting estimates*

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

##### *Historical cost convention*

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

##### *Comparative figures*

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

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

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

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

AASB 15 Revenue from Contracts with Customers establishes a comprehensive framework for determining whether, how much and when revenue is recognised. This accounting standard is not expected to have a material impact on the financial statements.

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

AASB 16 Leases is effective for annual periods beginning on or after 1 January 2019. The standard introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The company has completed an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying AASB 16 on the financial statements in the period of initial application will depend on future economic conditions, including the company's borrowing rate at 1 January 2019, the composition of the lease portfolio at that date, the latest assessment of whether the company will exercise any lease renewal options and the extent to which the company chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the company will recognise new assets and liabilities for its operating lease of its branch. As at 30 June 2018, the company's future minimum lease payment under non-cancellable operating leases amount to \$81,744, on an undiscounted basis (see Note 19).

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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

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

#### *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 Mt Evelyn and Montrose, 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.

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

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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

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

*Core banking products*

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

*Margin*

Margin is arrived at through the following calculation:

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

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

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

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

*Commission*

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

*Fee income*

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

*Discretionary financial contributions*

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.

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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

##### *Ability to change financial return*

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

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

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

##### *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.

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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

*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:

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

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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**h) Intangibles**

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

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

**i) Payment terms**

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

**j) Borrowings**

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

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

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

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

*Derecognition*

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

*Classification and subsequent measurement**(i) Loans and receivables*

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

*(ii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

*(iii) Financial liabilities*

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

*Impairment*

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

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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**l) Leases**

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

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

**m) Provisions**

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

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

**n) Issued capital**

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

**o) Earnings per share**

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

**p) Goods and Services Tax**

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

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

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



# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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### Note 2. Financial risk management

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

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

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

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

(vi) Capital management

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

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

The distribution limit is the greater of:

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

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

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

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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

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

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

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

#### *Taxation*

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

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

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.

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

#### Impairment of assets (continued)

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.

Note 4. Revenue from ordinary activities	2018	2017
	\$	\$
Operating activities:		
- gross margin	1,871,269	1,706,998
- services commissions	22,252	19,381
- fee income	154,512	170,773
- market development fund	47,500	47,500
Total revenue from operating activities	<u>2,095,533</u>	<u>1,944,652</u>
Non-operating activities:		
- interest received	16,242	16,024
- rental revenue	19,491	21,663
- profit on sale of non-current assets	132	-
- other revenue	127	-
Total revenue from non-operating activities	<u>35,992</u>	<u>37,687</u>
Total revenues from ordinary activities	<u>2,131,525</u>	<u>1,982,339</u>

### Note 5. Expenses

Depreciation of non-current assets:		
- buildings	11,886	11,886
- plant and equipment	9,279	8,743
- motor vehicle	7,990	9,162
- leasehold improvements	4,742	4,741
Amortisation of non-current assets:		
- franchise agreement	4,497	10,708
- franchise renewal fee	22,489	15,028
	<u>60,883</u>	<u>60,268</u>
Finance costs:		
- interest paid	<u>96</u>	<u>83</u>
Bad debts	<u>3,051</u>	<u>2,646</u>

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 6.	Income tax expense	2018	2017
		\$	\$
The components of tax expense comprise:			
- Current tax		102,749	103,705
- Movement in deferred tax		(2,571)	(244)
		<u>100,178</u>	<u>103,461</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows			
Operating profit		364,276	376,225
Prima facie tax on loss from ordinary activities at 27.5% (2017: 27.5%)		100,178	103,461
Add tax effect of:			
- non-deductible expenses		449	-
- timing difference expenses		2,162	244
- other deductible expenses		(40)	-
		<u>102,749</u>	<u>103,705</u>
Movement in deferred tax		(2,571)	(244)
		<u>100,178</u>	<u>103,461</u>

### Note 7. Cash and cash equivalents

Cash at bank and on hand	706,755	750,214
Term deposits	583,082	564,036
	<u>1,289,837</u>	<u>1,314,250</u>

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

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

Cash at bank and on hand	706,755	750,214
Term deposits	583,082	564,036
	<u>1,289,837</u>	<u>1,314,250</u>

### Note 8. Trade and other receivables

Trade receivables	173,270	162,367
Prepayments	22,834	24,227
Other receivables and accruals	9,339	12,143
	<u>205,443</u>	<u>198,737</u>

Mt Evelyn & Districts Financial Services Limited  
Notes to the Financial Statements  
for the year ended 30 June 2018

Note 9. Property, plant and equipment	2018 \$	2017 \$
<i>Land and buildings</i>		
Freehold land		
At cost	<u>378,030</u>	<u>378,030</u>
Buildings		
At cost	475,422	475,422
Less accumulated depreciation	<u>(123,771)</u>	<u>(111,885)</u>
	<u>351,651</u>	<u>363,537</u>
Leasehold improvements		
At cost	189,663	189,663
Less accumulated depreciation	<u>(45,459)</u>	<u>(40,717)</u>
	<u>144,204</u>	<u>148,946</u>
Plant and equipment		
At cost	285,240	275,040
Less accumulated depreciation	<u>(242,491)</u>	<u>(233,889)</u>
	<u>42,749</u>	<u>41,151</u>
Motor vehicles		
At cost	137,033	114,150
Less accumulated depreciation	<u>(62,577)</u>	<u>(54,587)</u>
	<u>74,456</u>	<u>59,563</u>
Total written down amount	<u>991,090</u>	<u>991,227</u>
<b>Movements in carrying amounts:</b>		
Land		
Carrying amount at beginning	<u>378,030</u>	<u>378,030</u>
Buildings		
Carrying amount at beginning	363,537	375,423
Less: depreciation expense	<u>(11,886)</u>	<u>(11,886)</u>
Carrying amount at end	<u>351,651</u>	<u>363,537</u>
Leasehold improvements		
Carrying amount at beginning	148,946	153,687
Less: depreciation expense	<u>(4,742)</u>	<u>(4,741)</u>
Carrying amount at end	<u>144,204</u>	<u>148,946</u>
Plant and equipment		
Carrying amount at beginning	41,151	47,348
Additions	12,364	2,546
Disposals	<u>(1,487)</u>	<u>-</u>
Less: depreciation expense	<u>(9,279)</u>	<u>(8,743)</u>
Carrying amount at end	<u>42,749</u>	<u>41,151</u>

Mt Evelyn & Districts Financial Services Limited  
Notes to the Financial Statements  
for the year ended 30 June 2018

<b>Note 9. Property, plant and equipment (continued)</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Motor vehicles		
Carrying amount at beginning	59,563	68,725
Additions	22,883	-
Less: depreciation expense	(7,990)	(9,162)
Carrying amount at end	<u>74,456</u>	<u>59,563</u>
Total written down amount	<u>991,090</u>	<u>991,227</u>

<b>Note 10. Intangible assets</b>		
Franchise fee		
At cost	90,257	90,257
Less: accumulated amortisation	(77,530)	(73,033)
	<u>12,727</u>	<u>17,224</u>
Renewal processing fee		
At cost	112,445	112,445
Less: accumulated amortisation	(48,814)	(26,325)
	<u>63,631</u>	<u>86,120</u>
Total written down amount	<u>76,358</u>	<u>103,344</u>

<b>Note 11. Tax</b>		
<b>Current:</b>		
Income tax payable	<u>21,857</u>	<u>74,180</u>
<b>Non-Current:</b>		
Deferred tax assets		
- accruals	1,073	1,100
- employee provisions	47,590	43,464
	<u>48,663</u>	<u>44,564</u>
Deferred tax liability		
- accruals	2,568	3,339
- property, plant and equipment	8,456	6,157
	<u>11,024</u>	<u>9,496</u>
Net deferred tax asset	<u>37,639</u>	<u>35,068</u>
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	<u>(2,571)</u>	<u>(244)</u>

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 12. Trade and other payables	2018	2017
	\$	\$
Current:		
Trade creditors	34,881	9,407
Other creditors and accruals	71,027	203,933
	<u>105,908</u>	<u>213,340</u>

### Note 13. Borrowings

#### Current:

Bank loans	<u>1,749</u>	<u>1,653</u>
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Bank loans are repayable monthly, with the final instalment due on 31 January 2018. Interest is recognised at an average rate of 4.89%. The loan is secured by a fixed and floating charge over the company's assets.

### Note 14. Provisions

#### Current:

Provision for annual leave	61,149	59,327
Provision for long service leave	96,555	76,261
	<u>157,704</u>	<u>135,588</u>

#### Non-Current:

Provision for long service leave	<u>15,352</u>	<u>22,462</u>
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### Note 15. Issued capital

2,940,081 ordinary shares fully paid (2017: 2,940,081)	<u>1,527,561</u>	<u>1,527,561</u>
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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.

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

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

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#### (b) *Dividends*

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

#### (c) *Transfer*

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

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

#### Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 494. As at the date of this report, the company had 530 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.



# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

<b>Note 16. Retained earnings</b>	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
Balance at the beginning of the financial year	667,842	512,681
Net profit from ordinary activities after income tax	264,098	272,764
Dividends paid or provided for	(161,704)	(117,603)
Balance at the end of the financial year	<u>770,236</u>	<u>667,842</u>

### **Note 17. Statement of cash flows**

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

Profit from ordinary activities after income tax	264,098	272,764
Non cash items:		
- depreciation	33,897	34,532
- amortisation	26,986	25,736
- profit on disposal of asset	(132)	-
Changes in assets and liabilities:		
- (increase)/decrease in receivables	(6,706)	(6,991)
- (increase)/decrease in other assets	(2,571)	(244)
- increase/(decrease) in payables	27,598	(1,916)
- increase/(decrease) in provisions	15,006	11,857
- increase/(decrease) in current tax liabilities	(52,323)	28,307
Net cash flows provided by operating activities	<u>305,853</u>	<u>364,045</u>

### **Note 18. Auditor's remuneration**

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

- audit and review services	5,500	5,500
- share registry services	7,999	6,728
- non audit services	3,051	2,625
	<u>16,550</u>	<u>14,853</u>

### **Note 19. 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	20,970	18,720
- between 12 months and 5 years	60,774	60,774
	<u>81,744</u>	<u>79,494</u>

The operating lease for 2/17 Wray Street, Mount Evelyn is a non-cancellable lease with a five-year term ending 6 June 2021, with rent payable monthly in advance.

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 20. Director and related party disclosures	2018	2017
	\$	\$
Key Management Personnel Remuneration		
Short-term employee benefits	<u>71,984</u>	<u>71,785</u>

Detailed remuneration disclosures are provided in the remuneration report, included as part of the directors' report.

### Transactions with Key Management Personnel

Jillian Rule owns the premises situation at Shop 6-17 Wray Crescent, Mt Evelyn. The premises are rented on normal commercial terms as administration offices and Board suite.

18,720	18,000
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Key Management Personnel Shareholdings	2018	2017
Ordinary shares fully paid	145,631	143,631

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

### Note 21. Dividends provided for or paid

#### a. Dividends paid during the year

Current year dividend		
100% (2017: 100%) franked dividend - 5.5 cents (2017: 4 cents) per share	<u>161,704</u>	<u>117,603</u>

The tax rate at which dividends have been franked is 27.5% (2017: 27.5%).

#### b. Franking account balance

Franking credits available for subsequent reporting periods are:

- franking account balance as at the end of the financial year	355,903	262,170
- franking credits that will arise from payment of income tax as at the end of the financial year	21,857	74,180
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-

Franking credits available for future financial reporting periods:	377,760	336,350
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- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
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Net franking credits available	<u>377,760</u>	<u>336,350</u>
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# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

Note 22. Earnings per share	2018	2017
	\$	\$
(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	264,098	272,764
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,940,081	2,940,081

### Note 23. 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 24. 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 27. Community Enterprise Foundation

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

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

	2018	2017
	\$	\$
Opening balance	41,016	3,009
Contributions	60,000	44,000
Grants paid	-	(4,000)
Interest	759	7
Management fees	(3,000)	(2,000)
Balance available for distribution	<u>98,775</u>	<u>41,016</u>

### Note 25. Segment reporting

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

### Note 26. 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  
37 Wray Crescent  
Mt Evelyn  
Victoria 3796

Principal Place of Business  
37 Wray Crescent  
Mt Evelyn  
Victoria 3796

# Mt Evelyn & Districts Financial Services Limited

## Notes to the Financial Statements

for the year ended 30 June 2018

### Note 27. Financial instruments

#### Financial Instrument Composition and Maturity Analysis

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

Financial instrument	Floating interest		Fixed interest rate maturing in						Non interest bearing		Weighted average	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Financial assets												
Cash and cash equivalents	706,755	750,214	583,082	564,036	-	-	-	-	-	-	1.30	1.37
Receivables	-	-	-	-	-	-	-	-	173,270	162,367	N/A	N/A
Financial liabilities												
Interest bearing liabilities	1,749	1,653	-	-	-	-	-	-	-	-	4.89	5.18
Payables	-	-	-	-	-	-	-	-	34,881	9,407	N/A	N/A

#### Net Fair Values

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

#### Credit Risk

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

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

#### Interest Rate Risk

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

#### Sensitivity Analysis

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

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

	2018	2017
	\$	\$
Change in profit/(loss)		
Increase in interest rate by 1%	12,881	13,126
Decrease in interest rate by 1%	(12,881)	(13,126)
Change in equity		
Increase in interest rate by 1%	12,881	13,126
Decrease in interest rate by 1%	(12,881)	(13,126)

# Mt Evelyn & Districts Financial Services Limited

## Directors' Declaration

In accordance with a resolution of the directors of Mt Evelyn & Districts Financial Services Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



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Terry John Marshall, Chairman

Signed on the 10th of September 2018.

## Independent auditor's report to the members of Mt Evelyn & Districts Financial Services Limited

### Report on the audit of the financial statements

#### Our opinion

In our opinion, the financial report of Mt Evelyn & Districts Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards.

#### What we have audited

Mt Evelyn & Districts Financial Services Limited's (the company) financial report comprises the:

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

#### Basis for opinion

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

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

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

#### Other information

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

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

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

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

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

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

We have audited the remuneration report included in the directors' report for the year ended 30 June 2018. 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.

### **Auditor's opinion on the remuneration report**

In our opinion, the remuneration report of Mt Evelyn & Districts Financial Services Limited for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements 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 2018 audit.

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

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

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

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

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

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



**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, 3550  
Dated: 10 September 2018



**David Hutchings**  
Lead Auditor

Taxation

Business Services

Community Banking

Audit

Share Registry

Your partners  
**in success**



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