

Seddon **Community Bank**® Branch

Inner West Community
Enterprises Limited

ABN 93 124 893 705

2018 Annual Report



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Chair's report

For year ending 30 June 2018

As I proudly submit my third annual report as Chair of Inner West Community Enterprises, I reflect that it has been a year of community building. The Seddon **Community Bank**[®] Branch has continued to build our community with sponsorships, grants and participation in a number of local events and initiatives. The broader Inner West Community Enterprises team has strengthened our community building function with key relationships in the local inner west area, including Victoria University, The Westsider newspaper, Maribyrnong City Council, local festival organisations, trader's associations and local youth organisations.

Although the Seddon **Community Bank**[®] Branch continued to grow revenue, the full effect of the Funds Transfer Pricing model with our partner, the Bendigo and Adelaide Bank Limited, and the continued soft economic conditions, has led to a pre-tax profit of \$55,791. This is the seventh consecutive year of profit, and it shows the sound financial management that the Board has implemented, while still funding other growth opportunities.

This profit has led us to be able to deliver a dividend of 7.0 cents per share, showing our continued commitment to shareholders and building shareholder value in our organisation.

Also, during the year, we were able to continue our investment in our community with over \$90,000 in sponsorships and grants, plus the successful running of our fourth Community Pitch event. This fantastic, IWCE-born, initiative is a model that brings together local businesses, community investors and individuals who want to support the community. We then pool our contributions to distribute to 18 community groups who each spend three minutes on the night 'pitching' their project or program designed to benefit the inner west community. Across these four years with our partners, we have delivered over \$82,000 to over 70 community groups. From assisting kids at Yarraville Special Developmental School with indoor sports facilities, to sending local girl guides on leadership programs, to funding local refugee and immigrant children's participation in local sport, and improving their living conditions, as well as helping to build the culture of the inner west by supporting the Footscray Historical Society and the Hyde Street Youth Band. This special and unique event has been so successful that it's been rolled out at other **Community Bank**[®] branches.



Hyde St Youth Band

During the course of this year, we began implementing our strategic corporate plan to deliver more to our community, and to grow additional revenue streams for Inner West Community Enterprises. This strategy has four main pillars: develop and deliver the Bike Shed project in partnership with Rotary Footscray; build a commercial strategy for Community Pitch; develop a financial literacy program in conjunction with Victoria University; and develop and support a youth-led action committee to make a material impact for youth in the inner west.

This has seen us grow our 'Community of Community Builders' in the Dream Factory and build new relationships with the Chin Up project and YLab. These organisations are critical in the development of our strategies, and build on the work done last year by VU Students in residence with us at the Dream Factory. Our VU students delivered a report, Beyond Hart's Ladder, which has helped the Board of Inner West Community Enterprises engage effectively with youth and youth-led organisations in our community.

Chair's report (continued)

The work of our committees allows the Board to remain focused on governance, risk and strategy, and I thank the leaders of our committees: Adam Sawell, Chair of the Stakeholder Engagement Committee; Jenny Vizec, Chair of the People and Performance Committee; David Brennan, Chair of the Strategy Committee; and Jack Fitcher, Chair of the Finance, Audit, Risk & Governance Committee.

I would like to thank all of the members of these committees for their work and contribution to the continued success of IWCE.

Our **Community Bank**[®] branch team continues to flourish under the leadership of Ashley Coles. The members of our team, Jonathon Ray, Esha Shrestha, Trish Roache, Teena Brown and Jasmin Orfanidis, have all contributed to a strong result, and their commitment to this community is evident by their continued involvement in our activities including Yarrville Carol in the Gardens and the Seddon and Yarrville Festivals.



Celebrating at the Western Region Awards

Congratulations to Esha Shrestha on her award for Western Region Wealth Ambassador, and to our branch team on being named Western Region Branch of the Year. This well-deserved award was a recognition of the strong performance our staff showed in helping customers to achieve their financial goals.

The continued strength of your investment is also in your hands. Bringing your banking to the Seddon **Community Bank**[®] Branch, and being an advocate for what we do, is critical to helping continue to build our success as we approach our 10th year.

The Inner West Community Enterprises team was again well led by Andy Moutray-Read and supported by Marketing and Communications Manager, Suzanne Saunders, who focused our business to build the profile of the branch and strengthen our connection to our community. The Board was once again supported by the hard work of our Executive Officer, Deirdre O'Donnell.

I would like to personally thank all of the Board, staff and committee members of Inner West Community Enterprises for their commitment, hard work, energy and passion. This year, our strategy of building a stronger connection to the key partners in our community, will see continued growth and opportunity for Inner West Community Enterprises.

Thank you for the opportunity to serve as your Chair, to work with our team, and to build our future.

Sarah Natalie Franklyn
Chair
Inner West Community Enterprises Limited



Inner West Community Enterprises Limited Board members

Chief Executive Officer's report

For year ending 30 June 2018

It is with great pleasure that I submit for consideration my 2018 Annual Report to shareholders.

As IWCE continues to grow its banking business, so does our connection with our local community.

Key outcomes from the last 12 months include:

Community Wealth

We were given the green light to commence a wealth business, and we endeavoured to find the right person to bring us the balance of expertise, community and new business acumen. In the meantime, the Royal Commission into the Banking, Superannuation and Financial Services Industry commenced. With the Commission's identification of significant risks, ultimately the Bendigo and Adelaide Bank Limited decided that it no longer wanted to pursue the business case we had already agreed, and their decision closed this opportunity for us.

MAD Youth

(MAD = make a difference)

For the second year, we engaged with Victoria University youth work students. During this year, Enela and Tyla took the framework designed by last year's VU students, and built MAD Youth. To date, their achievements included designing and marketing the brand, and the engagement of young people in the inner west, while connecting with local youth groups and initiatives, including Phoenix Youth and the Yarraville Community Centre. They ran information workshops, and engaged with schools and



MAD Youth

community organisations to encourage participants, from which they were able to attract a diverse range of applicants. MAD Youth has an inaugural 11 members, who will now engage through workshops and meetings to develop their plans and goals. We are delighted with the outcome, and thank both VU and their students for the great efforts they have put in to make this a reality for us.

MAD Youth will provide IWCE with a great understanding of youth matters in the inner west, and through their chosen projects and programs we are sure that we will be able to positively affect youth outcomes.

Community of Community Builders

We are steadily building our "Community of Community Builders" program. Located at the Dream Factory in Footscray, we have created a space for community-minded individuals and businesses to work and collaborate on programs, events and projects. Within the space, we have permanent tenants including The Westsider newspaper, The Chinup project (a youth development program), YLab (part of the Foundation for Young Australians), Perfect Beach (a communications company), and Australian Website Services. Additionally, we regularly have our VU youth worker students plus an intern for The Westsider newspaper. Also at the Dream factory, we have our own executive team comprising EO (Deirdre), Marketing and Communications (Suzanne) and myself. We continually engage with community groups who can use the building for workshops and events. Regular events include Inner West Coder Dojo (kids coding program) and the Community Assembly, which I mention later in this report. We also provide workshop spaces for community group meetings.

Chief Executive Officer's report (continued)



VU Challenge

Victoria University Community Bank Challenge

Over the course of the year, we successfully partnered with VU to deliver two **Community Bank®** Challenge programs. These programs lasted ten weeks each and enabled a total of eight teams of VU students to learn how to create and deliver events and programs while raising funds for our local community groups and organisations. IWCE provided seed funding and a mentor, from our Board or staff, for

each of the teams. This is an excellent program, in that it benefits our local community groups financially; it provides our staff and Board with mentoring experience; and it provides VU students with a tangible, hands-on experience in organising and delivering events for the benefit of the local community.

Financial Literacy Program

We have developed an initial framework in partnership with the VU Academy in order to design and deliver a financial literacy program for our community. This program will be developed over the next 6-12 months, and we look forward to detailing it in further reports.

2018 Community Pitch

Once again, Community Pitch has grown to be even bigger and better than before. This year we had 27 applications, we delivered over \$28,000 in funding, and we were partnered by an amazing 24 local businesses!

Since its inception four years ago, we have delivered, collectively with our pitch partners, a total of \$82,800 to 70 projects and programs in our local community. We have grown from an inaugural 11 pitch partners to 24 pitch partners, and we have had a number of individuals contribute on the night: a truly amazing community building program!

Even better: the success of the Community Pitch concept has spread around the Bendigo Bank network. In March, we were asked to present our Community Pitch concept at the Bendigo **Community Bank®** State conference. Since then, we have seen a number of other **Community Bank®** companies replicate the program with some great outcomes for their own local communities.



2018 Community Pitch Support

Chief Executive Officer's report (continued)

Inner West Community Bike Hub

IWCE connected with the Rotary Club of Footscray at this year's Community Pitch, where they were pitching for funds to help their Bike Shed program. The Bike Shed recycles donated bikes, fixes them and provides them at no charge to local disadvantaged individuals, together with a helmet, lock, bell and lights. We learnt that the facilities from which they operated were closing, and they had to move. Through our network of business contacts, we were able to find a fantastic supporter of this project in Back Alley Sally's bar in Yewers St, Footscray. They have a large car park backing onto Moreland Street, near the Footscray Community Arts Centre. We were also able to source a 40ft container from Qube Logistics, which was relocated to the carpark, and will be the new home for the Inner West Community Bike Hub. In order to make this project a sustainable social enterprise, we have developed a business plan which, incorporates the Bike Shed, as well as new bike education, bike maintenance, and bike sales programs.

As I write this report, we have just received notice that in partnership with the Rotary Club of Footscray we have been successful in securing \$100,000 funding from State Government's Pick My Project. This will ensure that the project – in its entirety – gets off the ground, and provides recognition of the ability for a social enterprise to partner with business and government to provide sustainable community outcomes.

Community Assembly

Earlier this year we partnered with Transition Town Maribyrnong to provide a central location with meeting spaces for community groups who may otherwise need to meet at an individual's home. The additional benefit is that before and after the community groups have met, there are opportunities for networking and collaboration among themselves. We have been fortunate that one of our Community Pitch partners, Alfa Bakehouse, have come on board as a sponsor, and now caters for Community Assembly every month. This is another example of local business helping provide an environment of community collaboration and support.

Website and Social Media

If you want to keep up to date with all the news, programs and projects that we are developing or involved with, please head to our new website at www.iwce.com.au You will also find us on Facebook and Instagram, so please like and follow us! If you are a member of any community group, sporting club, school or association, and want us to help promote your event, please email Suzanne Saunders at marketing.iwce@gmail.com.

Thank you

Our success cannot be achieved without the hard work and dedication of the IWCE Board and staff.

A huge thank you goes to Sarah and the Board, who provide a sound strategy and solid support in enabling us to deliver on it. Massive congratulations to the Seddon **Community Bank**[®] Branch team who have been recently recognised for their amazing results and teamwork, in winning the local Branch of the Year award! As they work directly with me, I find it easy to thank and praise Deirdre and Suzanne for keeping all the programs and projects on track, for their attention to detail, for their dedication, and for the overall sense of fun they bring to the office environment.

Thank you, and well done everyone!



Andy Moutray-Read

CEO

Inner West Community Enterprises Limited

Manager's report

For year ending 30 June 2018

The 2017 – 2018 financial year was an exceptional year for the Seddon **Community Bank**[®] Branch. It was pleasing to see the Branch at the forefront of the region in all areas of the business. The Branch was able to produce this outstanding year through continued improvement in individual skills along with excellent team work.

The financial year saw lots of highlights, not limited to but including:

- Awarded the Western Region Branch of the Year
- Awarded the Western Region Leader in Deposit Growth
- Business balances grew by 19.50%, resulting in an increase of our book size by \$26.5 million to \$162.7 million.
- New customers up 13.5%
- Insurance sales increasing 38%
- Region leading results in superannuation sales
- Region leading results in Sandhurst sales
- Transactions up 26.4%

Not resting on this solid foundation, we are under no illusion as to how challenging our continued growth performance will be, given the subdued economic climate and stiff competition from our banking competitors. To those shareholders who are yet to bring their banking across to us, I invite you to call into the branch and discuss your needs with our friendly staff. To those shareholders who have supported our branch, I thank you for your current, continued and ongoing support.



Seddon **Community Bank**[®] Branch team celebrating their ninth birthday



Yarraville Glory

As a **Community Bank**[®] branch, our mantra of supporting our local community continues in earnest, with numerous clubs, schools and organisations receiving funding exceeding \$600,000 to date. It's exciting to think how much could be done if everyone in the inner west held all their banking with us!

Manager's report (continued)

To my amazing staff: Jonathon, Esha, Trish, Teena and Jasmin, we've achieved so much this past year, and I'd like to publicly thank you for all the support you have provided me, and the outstanding work you do, which I and our customers greatly appreciate.

Finally, on behalf of the branch team and myself, thank you to all those who continue to support their community.



Ashley Coles
Branch Manager
Seddon Community Bank® Branch



Seddon **Community Bank**® Branch staff members Esha and Jasmin

Bendigo and Adelaide Bank report

For year ending 30 June 2018

It's been 20 years since the doors to the first **Community Bank**[®] branch opened. And it has only been a few months since the latest, the 321st, **Community Bank**[®] branch opened its doors.

In the last 20 years, much has changed. A staggering 92 per cent of our customers do their banking online and we pay for goods and services on a range of mobile phones, our watches and even our fitness devices. Many are embracing this online world with a sense of excitement and confidence. Our model will be even more accessible to people right across Australia.

Despite the change many things have also remained constant through the last two decades. Commitment within communities remains as strong today as it has ever been; from our first **Community Bank**[®] branch to the most recent one, and the 319 in between.

This year, five of our **Community Bank**[®] branches are celebrating 20 years in business. Bendigo Bank has celebrated 160 years in business. We farewelled Managing Director Mike Hirst and welcomed into the MD role long-time Bendigo employee Marnie Baker.

Our **Be the change** online marketing campaign has been the most successful online marketing campaign ever run by our organisation. The premise behind **Be the change** is simple – it thanks individual customers for banking with their **Community Bank**[®] branch.

But it's not the Bank thanking the customers. It's not the staff, volunteer directors or shareholders thanking the customers. It's the kids from the local little athletics and netball clubs, it's the man whose life was saved by a **Community Bank**[®] funded defib unit, it's members of the local community choir and the animal rescue shelter. These people whose clubs and organisations have received a share of over \$200 million in **Community Bank**[®] contributions, all because of people banking with their local **Community Bank**[®] branch.

Be the change has further highlighted the power of the model. For others, customers are important. For our **Community Bank**[®] network, customer support ensures our point of difference. It's the reason we can share in the revenue generated by their banking business. Without this point of difference, we would be just another bank.

But we're not, we're Bendigo Bank and we're Australia's only 'community bank', recently named by Roy Morgan Research as Australia's third most trusted brand and most trusted bank. As one of 70,000-plus **Community Bank**[®] company shareholders across Australia, these are outcomes we hope you too are proud of.

I'd like to thank you for your decision to support your local **Community Bank**[®] company as a shareholder. Your support has been vitally important to enhancing the prospects and outcomes within your community.

Without you, there would be no **Community Bank**[®] branch network in Australia.

We value your initial contribution and your ongoing support of your **Community Bank**[®] branch and your community. Thank you for continuing to play a role in helping your community **Be the change**.



Robert Musgrove
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2018

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:

Sarah Natalie Franklyn

Director

Occupation: Director of Sales and Marketing

With a Bachelor of Business Marketing from Monash, Sarah has spent many years working in the loyalty, membership and digital industries across a number of sectors along with volunteering her time as a mentor to university graduates and other community groups. Sarah has also worked as a consultant for many small businesses and entrepreneurs to help build their marketing and business plans. A long term resident of Yarraville, Sarah shares a passion for the people and places of the inner west.

Special responsibilities: Chairperson

Interests in shares: 1,050

Jan Jelte Wiersma

Director

Occupation: Consultant

Qualifications, experience and expertise: Consultant in residential tertiary education. Former General Manager at Melbourne and Mt Eliza Business Schools. Past Dean at Trinity College, University of Melbourne and St Mark's College, University of Adelaide. Involved in Cross-Safe Yarraville and Preserve Yarraville Village.

Special responsibilities: None

Interest in shares: 1,000

David St John

Director

Occupation: Logistics Analyst.

Qualifications, experience and expertise: David has been employed for over 30 years in the shipbuilding and aerospace industries at Williamstown and Richmond in roles such as payroll, systems development, statistical analysis, technical writing, logistics analysis and engineering management.

Special responsibilities: Company Secretary

Interest in shares: 2,100

Jonathon Victor Fitcher

Director

Occupation: Chief Financial Officer

Qualifications, experience and expertise: Jack is a qualified Certified Practising Accountant and a member of the Australian Institute of Company Directors. He has over 20 years' experience working in Finance roles across various industries with his most recent role being the Chief Financial Officer of the Australian Energy Market Operator (AEMO).

Special responsibilities: Treasurer

Interest in shares: 5,000

Directors' report (continued)

Directors (continued)

Jennifer Anne Vizec

Director

Occupation: Project Manager, Department of Health and Human Services, Victorian Public Service

Qualifications, experience and expertise: Along with many years working in the West, Jenny brings experience from across the private, State and Federal public sectors. Jenny has a Masters of Business Administration and is a Graduate of the Australian Institute of Company Directors. She has a strong understanding of the community sector, including sport and recreation, community infrastructure, disability and service delivery. Jenny is currently managing the redevelopment of Colanda, Victoria's last disability institution and works across Geelong, Colac and Melbourne.

Special responsibilities: Chair of People and Performance Committee

Interest in shares: Nil

David Patrick Brennan JP GAICD Ffin

Director

Occupation: Investment Banker DipFin Mgt, B.Bus(Law), ExecEd(Harv.)

Qualifications, experience and expertise: David is currently the Head of Distribution (CSB) at Bendigo Bank. David is an experienced investment management professional, having held roles with Dimensional Fund Advisors and Macquarie Bank. He also holds a number of Board positions including the Australasian College of Sport and Exercise Physicians, General Practice Registrars Australia, the Intensive Care Foundation of Australian and NZ, the New Palm Court Orchestra and the Australia Literary Journal at ANU. David is a Compass Council Member at the Faculty of Business & Economics, Melbourne University and is a Justice of the Peace in NSW and Victoria. David holds degrees in Finance and Business Law from ESC Rouen, France and the University of Technology, Sydney along with post-graduate studies in Strategic Management at the John F. Kennedy School of Government, Harvard University. David is a Graduate of the Australian Institute of Company Directors and a Fellow of the Financial Service Institute of Australasia.

Special responsibilities: Chair of Strategy Committee

Interest in shares: Nil

Megan Bridger-Darling (Resigned 26 February 2018)

Director

Occupation: Community Organiser

Qualifications, experience and expertise: Megan has been an Inner West resident for 10 years and has helped to develop local projects consistently over that time. Her special interest areas include communications and community development, utilising Event Design & Management skills. Her contribution to the community and culture of the Inner West has seen positive changes to the community. Megan is currently completing studies at Victoria University in International Security, Politics and History.

Special responsibilities: Chair of Community Engagement Committee

Interest in shares: Nil

Adam Hindmarsh Sawell

Director

Occupation: Marketing Communications Consultant

Qualifications, experience and expertise: A committed 'Westy', Adam's focus is on marketing and community engagement in support of the Seddon **Community Bank**[®] Branch and Inner West Community Enterprises Ltd. He brings with him many years' experience of working with private, public sector and government organisations in a marketing communications capacity. He has previously served on the Board of an inner west sporting organisation and his marketing consultancy business is based in the Dream Factory, Footscray. Adam is a member of the Chartered Institute of Public Relations (UK) and the Communications Advertising and Marketing Foundation.

Special responsibilities: Nil

Interest in shares: Nil

Directors' report (continued)

Directors (continued)

Anthony Mark Sticca (Appointed 31 July 2017)

Director

Occupation: General Manager Design and Development

Tony Sticca is a qualified architect with over 30 years experience in the construction industry. He is currently General Manager Design & Development for Village Entertainment, a division of Village Roadshow Ltd. In his current employment he has been involved in design and project management of cinema projects for past 21 years, on projects in over 25 countries through Asia and Europe as well as Australia. Tony has two degrees in Architecture from University of Melbourne, and a graduate diploma in Project Management from RMIT University.

Tony is a resident of Yarraville, and has been living in the suburb for 17 years, raising four children in the community. He has been an active volunteer in sporting groups, and was an active member of Yarraville Seddon Eagles Football Club for the past 11 years where his past roles included Junior Administrator and two years as Club President.

Special responsibilities: Nil

Interest in shares: Nil

Pamela Sutton-Legaud (Appointed 31 July 2017)

Director

Occupation: Fundraising Consultant

Pamela Sutton-Legaud has built her career as a leader in the Australian and international not for profit sectors as a fundraiser and strategic manager in international aid, conservation and the environment with Bush Heritage Australia, Plan International and Oxfam Australia as well more recently in the education sector. She is a proven business and development strategy specialist who has significantly contributed to the NFP and commercial sectors having directed strategies that have raised more than \$150 million for Australian non-profit organisations. She successfully initiated, designed and completed a \$20 million capital raising campaign for Zoos Victoria, the most successful in Melbourne Zoo's 153-year history, leveraging and commemorating the 150th anniversary of the Zoo. Pamela has served as a Director or Trustee on a number of non-profit boards and contributed to their strategic growth. In recognition of her achievements, she was awarded the 2006 Victorian Telstra Business Woman of the Year Award (Community & Government) for her work with Plan International and the Melbourne 2006 Commonwealth Games.

Pamela completed a Masters of Business Administration (MBA) in February 2017 and is accredited as a Certified Fundraising Executive (CFRE) with CFRE International.

Special responsibilities: Nil

Interest in shares: Nil

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

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

Company Secretary

The company secretary is David St John.

David has held a range of positions in administrative and technical roles in the shipbuilding industry.

Principal Activities

The principal activities of the company during the financial year were facilitating **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There have been no significant changes in the nature of these activities during the year.

Directors' report (continued)

Operating Results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

Year ended 30 June 2018 \$	Year ended 30 June 2017 \$
39,788	41,550

Remuneration Report

Directors' remuneration

No Director of the company receives remuneration for services as a company Director or Committee member.

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

Transactions with Directors

There were no transactions with Directors during the period under review.

Directors' shareholdings

	Balance at start of the year	Changes during the year	Balance at end of the year	Transactions after end of the year
Jan Jelte Wiersma	1,000	-	1,000	-
David St John	2,100	-	2,100	-
Jonathon Victor Fitcher (owned by Spouse)	-	5,000	5,000	-
Jennifer Anne Vizec	-	-	-	-
Sarah Franklyn	1,050	-	1,050	-
David Brennan	-	-	-	-
Megan Darling	-	-	-	-
Adam Sawell	-	-	-	-
Anthony Mark Sticca (Appointed 31 July 2017)	-	-	-	-
Pamela Sutton-Legaud (Appointed 31 July 2017)	-	-	-	-

Dividends

	Year ended 30 June 2018		Year ended 30 June 2017	
	Cents	\$	Cents	\$
Final dividends paid	7.0	46,740	8.0	53,416

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.

Directors' report (continued)

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 specifically excluded by the insurance policy.

Directors' Meetings

	Board Meetings Attended	
	Eligible	Attended
Jan Jelte Wiersma	10	10
David St John	10	9
Jonathon Victor Fitcher	10	7
Jennifer Anne Vizec	10	9
Sarah Franklyn	10	10
David Brennan	10	6
Megan Darling (Resigned 26 February 2018)	3	2
Adam Sawell	10	8
Anthony Mark Sticca (Appointed 31 July 2017)	9	7
Pamela Sutton-Legaud (Appointed 31 July 2017)	9	9

Proceedings on behalf of the company

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

The company was not a party to any such proceedings during the year.

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 (Frederik Eksteen of Collins & Co) for audit and non audit services provided during the year are set out in the notes to the accounts.

Directors' report (continued)

Non audit services (continued)

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 16.

Signed in accordance with a resolution of the Board of Directors at Seddon, Victoria on 26 September 2018.



Sarah Natalie Franklyn
Chairperson

Auditor's independence declaration

TOWARDS A VISION SHARED



Collins & Co

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**LEAD AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
INNER WEST COMMUNITY ENTERPRISES LIMITED
A.B.N. 93 124 893 705**

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 30 June 2018 there have been no contraventions of:

- (i) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448

Collins & Co
127 Paisley Street
FOOTSCRAY VIC 3011

Dated this 26th day of September 2018.

Financial statements

Statement of Comprehensive Income for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Revenues from ordinary activities	4	1,179,078	1,096,083
Employee benefits expenses		(515,876)	(475,656)
Charitable donations, sponsorship, advertising and promotion		(150,840)	(138,011)
Occupancy and associated costs		(124,283)	(113,426)
Systems costs		(33,906)	(38,206)
Depreciation and amortisation expense	5	(28,231)	(23,594)
Finance costs	5	-	(4)
General administration expenses		(270,151)	(248,693)
Profit before income tax expense		55,791	58,493
Income tax expense	6	(16,003)	(16,943)
Profit after income tax expense		39,788	41,550
Total comprehensive income for the year attributable to members		39,788	41,550
Earnings per share (cents per share)		c	c
Basic attributable profit for the period:	21	5.96	6.22

The Statement of Comprehensive Income is to be read in conjunction with the independent audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Financial Position as at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	276,377	235,842
Trade and other receivables	8	104,331	181,160
TOTAL CURRENT ASSETS		380,708	417,002
NON CURRENT ASSETS			
Property, plant & equipment	9	102,413	109,661
Intangible assets	10	64,336	12,680
Deferred tax asset	11	5,362	5,209
TOTAL NON-CURRENT ASSETS		172,111	127,550
TOTAL ASSETS		552,819	544,552
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	111,434	94,028
Tax Liability	11	1,288	7,039
Provisions	13	12,601	11,385
TOTAL CURRENT LIABILITIES		125,323	112,452
NON-CURRENT LIABILITIES			
Provisions	13	14,980	12,632
TOTAL NON-CURRENT LIABILITIES		14,980	12,632
TOTAL LIABILITIES		140,303	125,084
NET ASSETS		412,516	419,468
EQUITY			
Issued share capital		607,707	607,707
Accumulated members funds/ (losses)		(195,191)	(188,239)
TOTAL EQUITY		412,516	419,468

The balance sheet is to be read in conjunction with the independent audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2018

	Issued share capital \$	Accumulated losses \$	Total \$
Balance at 1 July 2016	607,707	(176,373)	416,300
Total comprehensive income for the year	-	41,550	41,550
	607,707	(134,823)	457,850
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Dividends provided for or paid	-	(53,416)	(53,416)
Balance at 30 June 2017	607,707	(188,239)	404,434
Balance as at 1 July 2017	607,707	(188,239)	419,468
Total comprehensive income for the year	-	39,788	39,788
	607,707	(148,451)	459,256
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Dividends provided for or paid	-	(46,740)	(46,740)
Balance as at 30 June 2018	607,707	(195,191)	412,516

The statement of changes in equity is to be read in conjunction with the independent audit report and the notes to the financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2018

	Notes	2018 \$	2017 \$
Cash Flows From Operating Activities			
Receipts from customers		1,255,178	1,020,907
Payments to suppliers and employees		(1,072,720)	(1,071,169)
Interest received		3,736	3,974
Interest paid		-	(4)
Income tax paid		(21,907)	(11,971)
Net cash generated from/ (used in) operating activities		164,287	(58,263)
Cash Flows From Investing Activities			
Payment for property, plant and equipment		(10,901)	(10,429)
Payment for intangible assets		(66,111)	-
Net cash (used in)/ provided by investing activities		(77,012)	(10,429)
Cash Flows From Financing Activities			
Dividends Paid		(46,740)	(53,416)
Net cash used in financing activities		(46,740)	(53,416)
Net increase/ (decrease) in cash held		40,535	(122,108)
Cash and cash equivalents at beginning of financial year		235,842	357,950
Cash and cash equivalents at end of half-year		276,377	235,842

The statement of cash flows is to be read in conjunction with the independent audit report and the notes to the financial statements.

Notes to the financial statements

For year ended 30 June 2018

Note 1. Statement of significant accounting policies

The financial statements and notes represent those of Inner West Community Enterprises Limited, the company.

Statement of compliance

These financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards.

Basis of preparation

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 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.

Adoption of new and amended accounting standards

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements.

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Seddon, Victoria.

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

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

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Basis of preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited (continued)

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

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

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

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).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (i.e. ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. ‘commission business’). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**[®] partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**[®] companies remain balanced.

The third source of revenue is a proportion of the fees and charges (i.e. what are commonly referred to as ‘bank fees and charges’) charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

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 refundable).

Deferred tax

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

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the company 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 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 excess.

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.

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

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.

Property, plant and equipment

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

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

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

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

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.

Payment terms

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

Borrowings

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

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Financial instruments (continued)

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) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with changes in such fair value (i.e. gains or losses) recognised in the Statement of Comprehensive Income. Available-for-sale financial assets are included in non-current assets except where they are expected to be sold within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

(iv) Financial liabilities

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 comprehensive income.

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.

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.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Contributed equity

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.

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.

Goods and Services Tax

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

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

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

Note 2. Financial risk management

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

Risk management is carried out directly by the Board of Directors.

(i) Market risk

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

(ii) Price risk

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

(iii) Credit risk

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

Notes to the financial statements (continued)

Note 2. Financial risk management (continued)

(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 2015 can be seen in the statement of comprehensive income.

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

Note 3. Critical accounting estimates and judgements

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

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

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

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

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 un-recouped 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.

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

Taxation (continued)

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 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 consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 4. Revenue from ordinary activities		
Operating activities:		
- services commissions	1,118,681	1,041,797
- other revenue	56,661	50,312
Total revenue from operating activities	1,175,342	1,092,109
Non-operating activities:		
- interest received	3,736	3,974
Total revenues from ordinary activities	1,179,078	1,096,083

Note 5. Expenses

Depreciation of non-current assets:		
- plant and equipment	1,728	770
- leasehold improvements	12,047	8,977
Amortisation of non-current assets:		
- franchise agreement	2,401	2,310
- franchise renewal fee	12,055	11,537
Finance costs:		
- interest paid	-	4
Bad debts	368	21,641

Note 6. Income tax expense/credit

The components of tax expense comprise:

- Current tax	16,156	14,300
- Movement in deferred tax	(153)	2,421
- Change in company tax rate from 30% to 27.5%	-	694
- Under/(Over) provision of tax in the prior period	-	(472)
	16,003	16,943

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating profit	55,791	58,493
Prima facie tax on profit from ordinary activities at 27.5% (2017: 27.5%)	15,343	16,086

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 6. Income tax expense/credit (continued)		
Add tax effect of:		
- non-deductible expenses	660	635
- timing difference expenses	153	(2,421)
- other deductible expenses	-	-
Current tax	16,156	14,300
Movement in deferred tax	(153)	2,421
Change in company tax rate from 30% to 27.5%	-	694
Under/(Over) provision of income tax in the prior year	-	(472)
	16,003	16,943

Note 7. Cash and cash equivalents

Cash at bank and on hand	91,592	54,778
Term deposits	184,785	181,064
	276,377	235,842

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	91,592	54,778
Term deposits	184,785	181,064
	276,377	235,842

Note 8. Trade and other receivables

Trade receivables	62,550	142,386
Other receivables and accruals	4,000	4,000
Prepayments	8,081	5,074
Security bond	8,500	8,500
Loan to Inner West Community Media Incorporated	21,200	21,200
	104,331	181,160

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 9. Property, plant and equipment		
Plant and equipment		
At cost	30,288	44,568
Less accumulated depreciation	(11,462)	(34,747)
	18,826	9,821
Leasehold improvements		
At cost	184,171	184,171
Less accumulated depreciation	(102,434)	(90,387)
	81,737	93,784
Furniture & Fittings		
At cost	10,429	10,429
Less accumulated depreciation	(8,579)	(4,373)
	1,850	6,056
Total Written Down Value	102,413	109,661
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	9,821	10,591
Additions	10,901	-
Disposals	(168)	-
Less: depreciation expense	(1,728)	(770)
Carrying amount at end	18,826	9,821
Leasehold improvements		
Carrying amount at beginning	93,784	102,761
Additions	-	-
Disposals	-	-
Less: depreciation expense	(12,047)	(8,977)
Carrying amount at end	81,737	93,784
Furniture & Fittings		
Carrying amount at beginning	6,056	-
Additions	-	10,429
Disposals	-	-
Less: depreciation expense	(4,206)	(4,373)
Carrying amount at end	1,850	6,056
Total Written Down Value	102,413	109,661

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 10. Intangible assets		
Franchise fee		
At cost	11,018	21,537
Less: accumulated amortisation	(296)	(19,432)
	10,722	2,105
Renewal processing fee		
At cost	55,093	57,684
Less: accumulated amortisation	(1,479)	(47,109)
	53,614	10,575
Total Written Down Value	64,336	12,680

Note 11. Taxation

Provision for Income Tax	1,288	7,039
Deferred tax assets		
- employee provisions	7,584	6,605
Total deferred tax assets	7,584	6,605
Deferred tax liability		
- deductible prepayments	2,222	1,395
Total deferred tax liabilities	2,222	1,395
Net deferred tax asset	5,362	5,209
Movement in deferred tax charged to statement of comprehensive income	(153)	7,599

Note 12. Trade and other payables

Trade creditors	115,798	68,434
Other creditors and accruals	(4,364)	25,594
	111,434	94,028

Note 13. Provisions

Current:

Provision for annual leave	12,601	11,385
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Non-Current:

Provision for long service leave	14,980	12,632
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Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 14. Contributed equity		
667,696 Ordinary shares fully paid (2017: 667,696)	635,901	635,901
Less: equity raising expenses (Seddon)	(28,194)	(28,194)
	607,707	607,707

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

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

(c) Transfer

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

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

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if 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 246. As at the date of this report, the company had 260 shareholders.

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

Notes to the financial statements (continued)

Note 14. Contributed equity (continued)

Prohibited shareholding interest (continued)

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

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

In the constitution, members acknowledge and recognise that the exercise of the powers given to the Board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2018	2017
	\$	\$

Note 15. Statement of cash flows

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

Profit from ordinary activities before income tax	55,791	58,493
Non cash items:		
- depreciation	13,775	9,747
- amortisation	14,456	13,847
Changes in assets and liabilities:		
- (increase)/ decrease in receivables	79,836	(71,202)
- (increase)/ decrease in prepayments & other assets	(3,007)	(3,464)
- increase/ (decrease) in payables	21,779	(44,371)
- increase/ (decrease) in provisions	3,564	(9,342)
- (increase)/ decrease in deferred tax assets	(153)	3,115
- increase/ (decrease) in income tax liabilities	(21,754)	(15,087)
Net cash flows provided by operating activities	164,287	(58,263)

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 16. Leases		
Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments:		
- not later than 12 months	87,662	87,662
- between 12 months and 5 years	17,890	105,551
- greater than 5 years	-	-
	105,551	193,213

The branch premises lease is a non-cancellable lease with a five-year term. The lease commenced on 7 May 2014 and has two 5 year renewal options remaining. Rent payable monthly in advance and is increased annually by CPI.

The Dream Factory premises agreement is a non-cancellable licence with a three-year term. The lease commenced on 3 October 2016 and has two 3 year renewal options remaining. Licence Fees payable monthly in advance and is increased annually by 3.5%.

	2018 \$	2017 \$
Note 17. Auditor's remuneration		
Amounts received or due and receivable by the auditor of the company for:		
Frederik Eksteen & Collins & Co		
- audit and review services	3,800	3,700
- non audit services	2,800	2,800
	6,600	6,500

Note 18. Director and related party disclosures

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

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

Transactions with Directors

There were no transactions with Directors during the period under review.

	2018 \$	2017 \$
Key Management Personnel Shareholdings		
Ordinary shares fully paid	9,150	35,652

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

Notes to the financial statements (continued)

	2018 \$	2017 \$
Note 19. Dividends paid or provided		
Dividends paid during the year		
- Unfranked dividend - 3.5 cents (2017: 8 cents) per share	23,370	53,416
- Franked dividend - 3.5 cents (2017: 0 cents) per share	23,370	-
	46,740	53,416

Note 20. Earnings per share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	39,788	41,550
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	667,696	667,696

Note 21. Events occurring after the reporting date

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

Note 22. Contingent liabilities and contingent assets

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

Note 23. Segment reporting

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

Note 24. 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	Principal Place of Business
90 Charles Street Seddon Vic 3011	90 Charles Street Seddon Vic 3011

Notes to the financial statements (continued)

Note 25. Financial instruments

Financial Instrument Composition and Maturity Analysis

The information 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	
	2018 \$	2017 \$	1 year or less		Over 1 to 5 years		Over 5 years		2018 \$	2017 \$	2018 %	2017 %
			2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$				
Financial assets												
Cash and cash equivalents	91,592	114,368	184,785	243,582	-	-	-	-	-	-	2.25%	1.85%
Receivables	-	-	-	-	-	-	-	-	62,550	142,386	N/A	N/A
Financial liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-	N/A	N/A
Payables	-	-	-	-	-	-	-	-	111,434	94,028	N/A	N/A

Net Fair Values

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

Credit Risk

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

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

Interest Rate Risk

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

Sensitivity Analysis

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

Notes to the financial statements (continued)

Note 25. Financial instruments (contributed)

Sensitivity Analysis (contributed)

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%	1,847	1,811
Decrease in interest rate by 1%	(1,847)	(1,811)
Change in equity		
Increase in interest rate by 1%	1,847	1,811
Decrease in interest rate by 1%	(1,847)	(1,811)

Directors' declaration

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

In the opinion of the Directors:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position of the company as at 30 June 2018 and of its performance, as represented by the results of its operations and cash flows for the year ended on that date;
 - (b) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. 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.



Sarah Natalie Franklyn
Chairperson

Dated this 26 September 2018

Independent audit report

TOWARDS A VISION SHARED



Collins & Co

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INNER WEST COMMUNITY ENTERPRISES LIMITED
A.B.N. 93 124 893 705
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Opinion

I have audited the accompanying financial report of Inner West Community Enterprises Limited (the company), which comprises the statement of financial position as at 30 June 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Board of Directors.

In my opinion, the accompanying financial report of Inner West Community Enterprises Limited is in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2018 and of its performance and cash flows for the year ended on 30 June 2018; and
- ii. complying with Australian Accounting Standards and the Corporations Act 2001.

Basis of Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am 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 my audit of the financial report in Australia. I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the company 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 Group or to cease operations, or has no realistic alternative but to do so.

Independent audit report (continued)



Auditor's Responsibilities for the Audit of the Financial Report

My 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

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

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

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.

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

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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

A handwritten signature in black ink, followed by the letters 'CA' in a simple, sans-serif font.

Frederik Ryk Ludolf Eksteen CA
ASIC Auditor Registration Number 421448

Collins & Co
127 Paisley Street
FOOTSCRAY VIC 3011

Dated this 26th day of September 2018.

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