Community Bank
Aspendale Gardens-
Edithvale

Bendigo Bank

Agecom Enterprises Limited

ABN: 68 138 046 303

Financial Statements

For the Year Ended 30 June 2020

Agecom Enterprises Limited

ABN: 68 138 046 303

Contents

For the Year Ended 30 June 2020

Directors' Report

For the Year Ended 30 June 2020

The directors present their report on Agecom Enterprises Limited for the financial year ended 30 June 2020.

Directors

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

Names	Appointed/Resigned
Kevin John O'Donnell	
Gary Racine	Resigned on 9 September 2020
Kim Flanagan	Resigned on 10 October 2019
Meghraj Thakkar	
Derek Dunne	
Serge Yan	
Anton Zoltan Ady	Resigned on 14 October 2019
Terri Bateman	
Nesan Naidoo	
Winta Zhao	
Charan Naidoo	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Information on directors

The names and details of each person who has been a director during the year and to the date of this report are:

Kevin John O'Donnell

Current Roles:	Non-Executive Director, Chairman of Directors
Occupation:	Retired Commercial Lawyer
Qualifications, experience and expertise:	Kevin holds a Bachelor of Laws from the University of Melbourne, and a Master of Laws from Deakin University. Kevin is a retired Commercial Lawyer who was the relationship manager for several major public companies (including banks), and a popular mentor of young lawyers. He remains busy consulting as a financial administrator for senior citizens, and as an independent expert in assessing compensation for inappropriate lending practices. He is a published author, historian and has experience as an expert witness in litigation matters, and as a sessional academic at RMIT University. Kevin was appointed to the Board on 1 June 2015.

Directors' Report

For the Year Ended 30 June 2020

Information on directors

Gary Racine	Resigned on 9 September 2020
Roles:	Non-Executive Director, Chair- Finance and Audit Committee (until 6 July 2020), Member- Community Engagement Committee
Occupation:	Executive Manager
Qualifications, experience and expertise:	Gary is a customer focused professional with extensive executive management experience in operations, commercial, financial and corporate governance. His executive experience spans a number of organisations including Telstra, Transfield Services, Kordia Solutions Australia and Urban Maintenance Systems. Gary is an inspirational leader of change having successfully led many large company wide transformational programs.Gary is passionate about helping within the community. He has previously spent time on the committee of Chelsea Junior Football Club and is very proud of the many years he spent coaching junior football and assisting in the development of many young boys and girls. Gary was elected to the Board at the AGM on 28 November 2017.
Kim Flanagan	Resigned on 10 October 2019
Roles:	Non-Executive Director, Chair - People & Performance and Chair - Governance & Risk Committee.
Occupation:	Chief Operating Officer of New Age HSE Services
Qualifications, experience and expertise:	Kim has worked in both Federal and State Government Business Enterprises and departments such as the Department of Health and Human Services and the Westgate Tunnel Authority. He has also been an Executive in the private sector with companies such as BHP, Finemore Holdings Limited, the Ford Motor Company of Australia, UGL Limited and NBN Co. Kim has a bachelor’s degree in social science majoring in Physiology and Sociology as well as a Diploma of Business Management. He is trained in Six Sigma and Lean philosophy, Six Sigma Project Champion and is an accredited Exemplar Global Master Auditor. He is also a Fellow of the Institute of Logistics and Transport Member of Australian Institute of Company Directors and a Fellow of the International Safety, Quality & Environment Management Association. Kim is an experienced Operational, Health, Safety, Risk, Quality and Environment Executive with the demonstrated ability to change cultured lead major projects and operations within organisations. With over 20 years at executive level, he is able to build and maintain systems and programs, devise and implement quality approaches and practices to ensure compliance and governance.
Meghraj Thakkar	
Roles:	Deputy Chairman of the board, Treasurer and Chairman – Finance & Audit Committee (From 6 July 2020), Chairman – People, Performance, Governance & Risk Committee (from 10 Oct 2019), Member - Community Engagement Committee, Marketing Committee
Qualifications, experience and expertise:	Megh has over 25 years of experience working globally for clients in numerous industries, including telecommunications, banking, transport, software, education, aviation, media and government. He has a portfolio career consisting of Board Director, Executive Technical Adviser, Gateway Reviewer, Consultant and Author. Megh has extensive experience in project management, governance, risk management, stakeholder management, business strategy, data analytics, data security, software development, administration, consulting, performance tuning, architecture, software design, implementation and support functions world-wide. He likes to use his experience to partner with business and business units to achieve an understanding of their strategy and influence the use of technology in implementing that strategy.

Directors' Report

For the Year Ended 30 June 2020

Information on directors

Derek Dunne

Roles:	Non-Executive Director, Chair - Marketing Committee, AGECOM Representative on Regional Cluster Committee
Occupation:	Experienced marketing professional
Qualifications, experience and expertise:	Derek is an experienced marketing professional who is currently the Chief Marketing Officer at LocalAgentFinder. His previous roles included Head of Digital Marketing for iSelect and Head of Marketing for MoneyPlace. Derek has worked in marketing for 13 years and his knowledge expands across multiple industries including insurance, banking, real estate & utilities. Derek has always wanted to give something back to the community and this passion combined with his skills make him an ideal person to contribute to our company.

Serge Yan

Roles:	Non-Executive Director, Member - Community Engagement Committee, Marketing Committee
Occupation:	Director, Executive Director and Chief Operating Officer
Qualifications, experience and expertise:	Serge is a Director of S&J Yan Property, and Executive Director and Chief Operating Officer of AAA Building Services Pty Ltd, and for 24 years until 2016 was the Production & Purchasing Co-ordinator of Viscount Plastics. He is graduate of the University of Technology, Mauritius. Serge is an experienced Purchasing Coordinator with a demonstrated history of working in the plastics industry. He is a strong purchasing professional skilled in Process Scheduler, Negotiation, Operations Management, Global Sourcing, and Procurement

Anton Zoltan Ady	Resigned on 14 October 2019
Roles:	Non-Executive Director, Member - People & Performance, Governance & Risk Committee
Occupation:	Banking professional
Qualifications, experience and expertise:	Bachelor of Economics, Monash University, Master of Business, Monash University, Postgraduate Diploma of Finance & Securities, Securities Institute of Australia. Anton has many years banking experience, including nearly 15 years with NAB, including as Manager, Payments Portfolio Management and manager, Optimisation & System Integration. His expertise includes managing teams involved in compliance and quality assurance programs. He believes in participative leadership, with open communication and collaboration combined with leadership accountability. He is committed to achieving growth through integrity, empowering, enabling and building the capability of people and teams, and the development of the best digital technologies. Anton is a keen supporter of junior sports and team manager for 2 junior basketball clubs.

Terri Bateman

Roles:	Non-Executive Director, Member - People & Performance, Governance & Risk Committee
Occupation:	Manager Risk and Audit
Qualifications, experience and expertise:	Terri has significant experience within the Victorian Public Sector, most recently as Manager Risk and Audit for Cenitex, which is an IT shared services provider within government. She has managed a variety of functions across governance, strategy, procurement, performance reporting, and organisational development, both within central corporate services and line areas across a range of departments and agencies. In addition she has served as the Secretary of the Parkdale United Cricket Club and is currently the Chair of the Committee of Governance at the Mordialloc Neighbourhood House. Terri’s qualifications include a Masters of Public Policy and Management (Monash University) and a Diploma in Business Governance (Federation University), and she is also a Fellow of the Institute of Community Directors Australia.

Directors' Report
For the Year Ended 30 June 2020

Information on directors

Nesan Naidoo

Roles:	Non-Executive Director, Chair - Community Engagement Committee
Occupation:	Experienced business executive and consultant
Qualifications, experience and expertise:	Nesan is an experienced business executive and consultant in the area of building and leading high performance teams. His extensive experience includes senior level management with commercial and political stakeholders in New Zealand, Australia, India, Asia, Africa and the USA over 35 years. Nesan is an influential and engaging executive with expertise in business relations, business growth and innovative strategies. He has a proven track record of implementing inclusive leadership and staff development strategies.He specialises in creating a sustainable corporate culture based on respect and valuing individuality within high performance and culturally diverse organisations.

Winta Zhao

Roles:	Non-Executive Director, Company Secretary, Member - Finance & Audit Committee, Member – People, Performance, Governance & Risk Committee
Occupation:	Tax and accounting professional
Qualifications, experience and expertise:	Winta holds a Master of Banking and finance from Monash University. She is a member of CPA , and Xero Certified Advisor. She is a detail-oriented efficient and organised tax and accounting professional who adapts seamlessly to constantly evolving accounting processes and technology. She has extensive knowledge of accounting software and systems.

Charan Naidoo

Roles:	Cadet Director, Chair - Community pitch Sub-Committee
Occupation:	Student
Qualifications, experience and expertise:	Charan is a student at the University of Melbourne, studying Politics, International Studies, Sociology & French. He is an ASSIST Scholar, Peer Assisted Study Session (PASS) Leader and tutor. He is a member of Kingston City Council's Youth Advisory Council and its South Ward Committee. In 2016, he completed a summer program in Politics and Public Policy at Stanford University. In early 2020, he went to France to study at the Institut d'Etudes Politiques de Paris and came back due to pandemic travel bans. As Chair of the Community Pitch sub-committee, Charan was responsible for organising the inaugural Community Pitch event for our branch. Held on June 18th 2019, this event raised in excess of $18,400 for ten local community groups and was funded by 21 local businesses.
Special responsibilities	Charan's role in our Pitch team included; - Chairing meetings for a committee comprised of six Board Directors - Compiling agendas and taking minutes - Recruiting businesses - Creating invitation letters - Liaising with stakeholders, including the venue. - Co-ordinating event logistics on the night.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The company secretary is Winta Zhao. Zhao was appointed to the position of secretary on 4 February 2019 . Qualifications and experiences of the secretary can be found above.

Principal activities

The principal activity of Agecom Enterprises Limited during the financial year was facilitating **Community Bank** Services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

The profit of the Company after providing for income tax amounted to $ 92,148 (2019: $ 103,751).

Review of operations

A review of the operations of the Company during the financial year and the results of those operations show that the profit of the Company before income tax was $ 121,105 (2019: $ 143,399). This result is driven by the increase in revenue due to the government stimulus package received of $39,528 for COVID -19 and a net decrease in expenses of $ 2,914 due to adoption of AASB 16-Leases. Adoption of AASB 16 increased depreciation by $ 36,584 and interest by $ 12,060 while it reversed rent expenses of $ 34,381 and IT and ATM equipment lease charges of $ 17,177.

Significant changes in state of affairs

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

Dividends paid or recommended

The Finance committee recommended a 3 cent dividend per share to be paid from profits for the year ended 30 June 2019. The dividend was 100% unfranked and approved to pay on 19 November 2019 to all shareholders registered as at the date of the AGM. Dividend payable balance as at 30 June 2020 was $ 4,453.

Events after the reporting date

Directors believe that the rapid escalation of COVID-19 and stage 4 government restrictions may adversely affect the operations of the business. At this stage specific details of the impact of the escalation and government restrictions have not yet been determined.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Future developments and results

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

Benefits received directly or indirectly by officers

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.

Environmental matters

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

Directors' Report
For the Year Ended 30 June 2020

Meetings of directors

During the financial year, 10 meetings of directors (excluding committees of Directors) were held. Attendances by each director during the year were as follows:

	Board		Board Subcommittees					
	Directors' Meetings		Audit and Finance Committee		Community Engagement		People and Performance	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Kevin John O'Donnell	10	10	5	4	8	6	6	6
Gary Racine	10	9	5	5	8	7	-	-
Kim Flanagan	4	3	-	-	-	-	2	-
Meghraj Thakkar	10	9	5	5	6	4	4	4
Derek Dunne	10	5	-	-	-	-	-	-
Serge Yan	10	6	-	-	-	-	-	-
Anton Zoltan Ady	4	2	-	-	3	1	2	1
Terri Bateman	10	6	-	-	-	-	6	5
Nesan Naidoo	10	5	-	-	8	8	-	-
Winta Zhao	10	6	5	2	-	-	6	4
Charan Naidoo	10	6	-	-	8	5	-	-

Indemnification and insurance of officers and auditors

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 he contract of insurance, The company has not provided any insurance for an auditor of the company or a related body corporate.

Proceedings on behalf of company

No person has applied for leave of court under Section 237 of the *Corporations Act 2001* 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.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

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Directors' Report

For the Year Ended 30 June 2020

Non-audit services

Details of the amounts paid or payable to the auditor for audit and non-audit services provided during the year are sent out in the notes to the accounts.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 8 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: ....
Kevin John O'Donnell

Director: ....
Meghraj Thakkar

Dated 20 October 2020

Ashfords Audit & Assurance Pty Ltd
ABN 52 138 965 241
Suite 5, 14 Garden Blvd, Dingley VIC 3172
PO Box 1462, Clayton South VIC 3169
(03) 9551 2822
info@ashfords.com.au

Agecom Enterprises Limited

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Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Agecom Enterprises Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

(i) no contraventions of the auditor independence requirements as set out in 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.

Ashfords Audit and Assurance

Ashfords Audit and Assurance Pty Ltd
Chartered Accountants

Ryan Dummett
Director

29 October 2020

Suite 5,14 Garden Boulevard, Dingley VIC 3172

Agecom Enterprises Limited

ABN: 68 138 046 303

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	5	655,097	750,021
Government stimulus income	5	39,528	-
Employee benefits expense		(386,510)	(366,975)
Depreciation and amortisation expense	6	(59,456)	(22,834)
Advertising and sponsorship		(10,474)	(38,698)
Donations		(400)	(2,704)
Occupancy expenses		(21,479)	(62,759)
IT Expenses		(17,945)	(32,219)
Other operating expenses		(64,692)	(79,700)
Finance expenses		(12,564)	(733)
Profit before income tax		121,105	143,399
Income tax expense	7	(28,957)	(39,648)
Profit for the year		92,148	103,751
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Nil		-	-
Items that will be reclassified to profit or loss when specific conditions are met			
Nil		-	-
Total comprehensive income for the year		92,148	103,751

Earnings per share for profit/(loss) attributable to the ordinary shareholders of the Company:		¢	¢
Basic earnings per share	17	12.42	13.90

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

Agecom Enterprises Limited

ABN: 68 138 046 303

Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	203,673	145,016
Trade and other receivables	9	50,365	43,471
TOTAL CURRENT ASSETS		254,038	188,487
NON-CURRENT ASSETS			
Property, plant and equipment	10	219,726	51,549
Deferred tax assets	15	84,165	113,122
Intangible assets	11	86,670	35,342
TOTAL NON-CURRENT ASSETS		390,561	200,013
TOTAL ASSETS		644,599	388,500
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	34,268	64,727
Lease liabilities	13	42,213	-
Employee benefits	14	13,905	15,910
TOTAL CURRENT LIABILITIES		90,386	80,637
NON-CURRENT LIABILITIES			
Trade and other payables	12	43,152	-
Lease liabilities	13	187,926	-
Employee benefits	14	6,511	4,301
TOTAL NON-CURRENT LIABILITIES		237,589	4,301
TOTAL LIABILITIES		327,975	84,938
NET ASSETS		316,624	303,562
EQUITY			
Issued capital	16	712,707	712,707
Accumulated losses		(396,083)	(409,145)
TOTAL EQUITY		316,624	303,562

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

Statement of Changes in Equity

For the Year Ended 30 June 2020

2020

	Issued capital	Accumulated losses	Total
	$	$	$
Balance at 1 July 2019	712,707	(409,145)	303,562
Adjustment due to adoption of AASB 16	-	(57,006)	(57,006)
Adjusted Balance at 1 July 2019	712,707	(466,151)	246,556
Profit attributable to members of the entity	-	92,148	92,148
Dividends provided for or paid	-	(22,080)	(22,080)
Balance at 30 June 2020	712,707	(396,083)	316,624

2019

	Issued capital	Accumulated losses	Total
	$	$	$
Balance at 1 July 2018	712,707	(490,639)	222,068
Profit attributable to members of the entity	-	103,751	103,751
Dividends provided for or paid	-	(22,257)	(22,257)
Balance at 30 June 2019	712,707	(409,145)	303,562

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

Statement of Cash Flows

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		752,766	835,743
Payments to suppliers and employees		(554,362)	(657,018)
Interest received		503	502
Interest paid		(12,564)	(733)
Net cash provided by/(used in) operating activities	24	186,343	178,494
Purchase of plant and equipment		(1,499)	-
Payment of intangibles		(64,831)	-
Net cash used by investing activities		(66,330)	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Dividends paid		(21,858)	(26,488)
Proceeds/(repayments) of leases		(39,498)	-
Net cash used by financing activities		(61,356)	(26,488)
Net increase/(decrease) in cash and cash equivalents held		58,657	152,006
Cash and cash equivalents at beginning of year		145,016	(6,990)
Cash and cash equivalents at end of financial year	8	203,673	145,016

The financial report covers Agecom Enterprises Limited as an individual entity. Agecom Enterprises Limited is a for-profit Company limited by shares, incorporated and domiciled in Australia.

The functional and presentation currency of Agecom Enterprises Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 20 October 2020.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.*

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

2 Change in Accounting Policy

Leases - Adoption of AASB 16

The Company has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Company as a lessee

Under AASB 117, the Company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

The Company has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

2 Change in Accounting Policy

Leases - Adoption of AASB 16

Impact of adoption of AASB 16

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Company has used the following expedients:

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Company's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;

Financial statement impact of adoption of AASB 16

The Company has recognised right-of-use assets of $480,628, accumulated depreciation of $ 267,997 and lease liabilities of $269,638 an adjustment to accumulated losses of $ 57,006 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 4.79%.

3 Summary of Significant Accounting Policies

(a) Economic dependence

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at Aspendale Gardens, 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 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.

3 Summary of Significant Accounting Policies

(a) Economic dependence

All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited. 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; and
- sales techniques and proper customer relations.

(b) Income Tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

3 Summary of Significant Accounting Policies

(c) Revenue and other income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

The revenue recognition policies for the principal revenue streams of the Company are:

Revenue calculation

A funds transfer pricing model is used for the method of calculation of the cost of funds, deposit return and margin. All revenue paid on core banking products is through margin share. Margin on core banking products is shared on a 50/50 basis.

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.

3 Summary of Significant Accounting Policies

(c) Revenue and other income

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.

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. Both means the cost for Bendigo and Adelaide Bank Limited to borrow the money in the market.

Products and services on which margin is paid include variable rate deposits and variable rate home loans. Examples include Bendigo Bank branded at call deposits, term deposits and home loans.

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.

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. This also included Bendigo Bank branded fixed rate home loans.

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.

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.

3 Summary of Significant Accounting Policies

(c) Revenue and other 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. This includes 50% share of margin on core banking products, all core banking products become margin products and a funds transfer pricing model will be used for the method of calculation of the cost of funds, deposit return and margin.

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

Government Stimulus Revenue - Cashflow Boost

Cashflow boost is a stimulus measures announced by the Australian Government as its response to COVID-19. Both the ‘initial cash flow boost’ and ‘additional cash flow boost’ are identified as a waiver of PAYG liability and recognised as grant income under *IAS 20 Accounting for Government Grants and Disclosure of Government Assistance*. Government stimulus revenue is recognised in the profit or loss when there is reasonable assurance that all of the necessary conditions will be met to receive the stimulus and the funds will be received.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(d) Goods and services tax (GST)

Revenue, 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 Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(e) Property, plant and equipment

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

3 Summary of Significant Accounting Policies

(e) Property, plant and equipment

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Furniture, Fixtures and Fittings	13.33%-25%
Leasehold improvements	10%-20%
Right-of-Use - Buildings	6.67%
Right-of-Use - Plant and Equipment	10%
Right-of-Use - Computer Equipment	10%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(f) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

3 Summary of Significant Accounting Policies

(f) Financial instruments

Financial assets

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables and contract assets

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

3 Summary of Significant Accounting Policies

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Intangibles

Franchise Fees

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 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 franchise agreement.

Software

Software has a finite life and is carried at cost less any accumulated amortisation and impairment losses. It has an estimated useful life of between one and three years.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

3 Summary of Significant Accounting Policies

(j) Leases

For comparative year

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that 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.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

For current year

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

3 Summary of Significant Accounting Policies

(j) Leases

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(k) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(l) Provisions

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

(m) Provisions for dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(n) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share adjusts the basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 Summary of Significant Accounting Policies

(o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(p) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2020, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company or refer to Note 2 for details of the changes due to standards adopted.

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - 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.

Key estimates - employee entitlements

The liability for employee benefits expected to be settled more than 12 months from the reporting date is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates, pay increases and discount rates are taken into account. This information is based on historical data and current employment contracts and awards.

Key estimates - 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.

4 Critical Accounting Estimates and Judgments

Key estimates - Impairment of assets

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.

Key judgments - income tax

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.

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.[Insert details of other key judgments]

5 Revenue and Other Income

	2020	2019
	$	$
Sales revenue		
- provision of services	654,594	737,387
Finance income		
- Interest received	503	502
Other revenue		
- Government stimulus income - cashflow boost	39,528	-
- other trading revenue	-	12,132
Total Revenue	694,625	750,021

Notes to the Financial Statements

For the Year Ended 30 June 2020

6 Result for the Year

The result for the year includes the following specific expenses:

	2020	2019
	$	$
Other expenses:		
Depreciation expense		
- Furniture and fittings	2,496	2,554
- Compuetr equipment	203	-
- Leasehold improvements	6,669	6,668
- Right-of-Use assets	36,584	-
- franchise fee	11,253	11,343
- franchise renewal fee	2,251	2,269
	59,456	22,834
Impairment of receivables:		
- Bad debts	399	557
Total impairment of receivables	**399**	557

7 Income Tax Benefit/ (Expense)

(a) The major components of tax (expense)/benefit comprise:

	2020	2019
	$	$
Current tax expense (benefit)		
Local income tax expense	(33,764)	(39,648)
Recoupment of prior year tax losses	33,764	39,648
Deferred tax expense		
Origination and reversal of temporary differences	(28,957)	(39,648)
Total income tax (expense)/ benefit	(28,957)	(39,648)

(b) Reconciliation of income tax to accounting profit:

	2020	2019
	$	$
Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2019: 27.5%)	33,304	39,435
Add:		
Tax effect of:		
- permanent difference expenses	460	213
	33,764	39,648
Less:	-	-
Tax effect of:		
- non-taxable income	(10,870)	-
- Impact of adopting AASB 16	15,677	-
Income tax expense	28,957	39,648

8 Cash and Cash Equivalents

	2020	2019
	$	$
Cash on hand	-	-
Bank balances	184,373	125,716
Short-term deposits	19,300	19,300
	203,673	145,016

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2020	2019
	$	$
Cash and cash equivalents	203,673	145,016
Bank overdrafts	-	-
Balance as per statement of cash flows	203,673	145,016

9 Trade and Other Receivables

	2020	2019
	$	$
CURRENT		
Trade receivables	27,043	36,514
Provision for impairment	-	-
	27,043	36,514
Prepayments	7,275	6,957
Government subsidies receivable	14,823	-
Total current trade and other receivables	49,141	43,471

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2020

10 Property, plant and equipment

	2020	2019
	$	$
PLANT AND EQUIPMENT		
Furniture, fixtures and fittings		
At cost	66,951	66,560
Accumulated depreciation	(56,396)	(53,899)
Total furniture, fixtures and fittings	10,555	12,661
Computer equipment		
At cost	1,109	-
Accumulated depreciation	(203)	-
Total computer equipment	906	-
Leasehold Improvements		
At cost	115,853	115,853
Accumulated amortisation	(83,634)	(76,965)
Total leasehold improvements	32,219	38,888
Total plant and equipment	43,680	51,549
RIGHT-OF-USE		
Right-of-Use - Buildings		
At cost	344,354	-
Accumulated depreciation	(235,309)	-
Total Right-of-Use - Buildings	109,045	-
Right-of-Use - Plant and Equipment		
At cost	26,361	-
Accumulated depreciation	(13,400)	-
Total Right-of-Use - Plant and Equipment	12,961	-
Right-of-Use - Computer Equipment		
At cost	109,913	-
Accumulated depreciation	(55,873)	-
Total Right-of-Use - Computer Equipment	54,040	-
Total right-of-use	176,046	-
Total property, plant and equipment	219,726	51,549

10 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

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

	Furniture, Fixtures and Fittings	Computer Equipment	Leasehold Improvements	Right-of-Use - Buildings	Right-of-Use - Plant and Equipment	Right-of-Use - Computer Equipment	Total
	$	$	$	$	$	$	$
Year ended 30 June 2020							
Balance at the beginning of year	12,661	-	38,888	-	-	-	51,549
Additions	390	1,109	-	-	-	-	1,499
Due to adoption of AASB 16	-	-	-	132,002	15,596	65,032	212,630
Depreciation expense	(2,496)	(203)	(6,669)	(22,957)	(2,635)	(10,992)	(45,952)
Balance at the end of the year	10,555	906	32,219	109,045	12,961	54,040	219,726

	Furniture, Fixtures and Fittings	Computer Equipment	Leasehold Improvements	Right-of-Use - Buildings	Right-of-Use - Plant and Equipment	Right-of-Use - Computer Equipment	Total
	$	$	$	$	$	$	$
Year ended 30 June 2019							
Balance at the beginning of year	15,216	-	45,556	-	-	-	60,772
Depreciation expense	(2,555)	-	(6,668)	-	-	-	(9,223)
Balance at the end of the year	12,661	-	38,888	-	-	-	51,549

11 Intangible Assets

	2020	2019
	$	$
Licenses and franchises		
Cost	100,000	100,000
Accumulated amortisation	(100,000)	(100,000)
Net carrying value	-	-
Computer software		
Cost	10,409	10,409
Accumulated amortisation	(10,409)	(10,409)
Net carrying value	-	-
Renewal processing fee		
Cost	54,026	56,713
Accumulated amortisation	(1,801)	(47,261)
Net carrying value	52,225	9,452
Franchise Fee		
Cost	10,805	21,343
Accumulated amortisation	(360)	(19,453)
Net carrying value	10,445	1,890
Redomicile fee		
Cost	24,000	24,000
Accumulated amortisation	-	-
Net carrying value	24,000	24,000
Total Intangibles	86,670	35,342

12 Trade and Other Payables

	2020	2019
	$	$
CURRENT		
Trade payables	10,759	31,082
GST payable	-	8,865
Accrued expense	4,599	6,116
Other payables	14,457	18,664
Dividend payable	4,453	-
	34,268	64,727

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

Notes to the Financial Statements

For the Year Ended 30 June 2020

12 Trade and Other Payables

	2020	2019
	$	$
NON-CURRENT		
Other payable	43,152	-
	43,152	-

13 Lease Liabilities

	2020	2019
	$	$
CURRENT		
Lease Liabilities	42,213	-
Total	42,213	-

	2020	2019
	$	$
NON-CURRENT		
Lease Liabilities	187,926	-
Total	187,926	-

14 Employee Benefits

	2020	2019
	$	$
CURRENT LIABILITIES		
Provision for long service leave	6,698	10,305
Provision for annual leave	7,207	5,606
	13,905	15,911
NON-CURRENT LIABILITIES		
Provision for long service leave	6,511	4,301
	6,511	4,301

15 Tax assets and liabilities

	Opening Balance	Charged to Income	Closing Balance
	$	$	$
Deferred tax assets			
Property, plant and equipment	2,423	1,066	3,489
Provisions - employee benefits	5,039	518	5,557
Accruals	1,171	511	1,682
Deferred tax assets attributable to tax losses	144,136	(41,742)	102,394
Balance at 30 June 2019	152,769	(39,647)	113,122

Notes to the Financial Statements

For the Year Ended 30 June 2020

15 Tax assets and liabilities

	Opening Balance $	Charged to Income $	Closing Balance $
Deferred tax assets			
Property, plant and equipment	3,489	929	4,418
Intangible assets	-	(17,234)	(17,234)
Right- to-use assets	-	(48,412)	(48,412)
Provisions - employee benefits	5,557	57	5,614
Lease liabilities	-	63,288	63,288
Accruals	1,682	(417)	1,265
Deferred tax assets attributable to tax losses	102,394	(27,168)	75,226
Balance at 30 June 2020	113,122	(28,957)	84,165

16 Issued Capital

	2020 $	2019 $
741,909 (2019: 741,909) ordinary shares fully paid	741,909	741,909
Less: equity raising expenses	(29,202)	(29,202)
Total	712,707	712,707

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 hold. 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 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 agreements 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)

16 Issued Capital

(c) ***Transfer***

Generally, ordinary shares are freely transferable. However, the directors have 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 won 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 that the base number (the "base number test"). The base number is 118. As at the date of this report, the Company has 211 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.

In 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 results may be necessary to enforce the prohibition.

17 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

	2020	2019
	$	$
Profit from continuing operations	92,148	103,751
Earnings used to calculate basic EPS from continuing operations	92,148	103,751

17 Earnings per Share

(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2020 No.	2019 No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	741,909	741,909

18 Capital and Leasing Commitments

(a) Leases

	2020 $	2019 $
Minimum lease payments:		
- not later than one year	52,323	-
- between one year and five years	206,112	-
Minimum lease payments	258,435	-
Less: finance changes	(28,295)	-
Present value of minimum lease payments	230,140	-

Leases are in place for office premises, plant and equipment and computer equipment and normally have a term between 1 and 15 years. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

(b) Operating Leases

	2020 $	2019 $
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	-	31,845
	-	31,845

The branch lease is a non-cancelable lease with a ten-year term, with rent payable monthly in advance. An option to renew the lease for a further five years is available.

19 Financial Risk Management

The Company is exposed to a variety of financial risks through its use of financial instruments.

The Company‘s overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

19 Financial Risk Management

The most significant financial risks to which the Company is exposed to are described below:

Specific risks

- Liquidity risk
- Credit risk
- Market risk - currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Company are:

- Trade receivables
- Cash at bank
- Trade and other payables
- Lease liabilities

	2020	2019
	$	$
Financial assets		
Cash and cash equivalents	203,673	145,016
Trade and other receivables	50,365	43,471
Total financial assets	254,038	188,487
Financial liabilities		
Trade and other payables	77,420	(64,727)
Total financial liabilities	77,420	(64,727)

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of Agecom Enterprises Limited's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, liquidity risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and Agecom Enterprises Limited's activities.

The day-to-day risk management is carried out by Agecom Enterprises Limited's finance function under policies and objectives which have been approved by the Board of Directors.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

19 Financial Risk Management

Objectives, policies and processes

Mitigation strategies for specific risks faced are described below:

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

Liquidity management is carried out within the guidelines set by the Board.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Company maintains cash to meet its liquidity requirements for expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

At the reporting date, these reports indicate that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any of the financing facilities.

Financial guarantee liabilities are treated as payable on demand since Agecom Enterprises Limited has no control over the timing of any potential settlement of the liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the statement of financial position due to the effect of discounting.

The table below reflects the undiscounted contractual maturity analysis for financial liabilities (excluding lease liabilities for the current year - refer to note 13).

Financial liability maturity analysis - Non-derivative

	Weighted average Interest rate		Within 1 Year		1 to 5 Years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	$	$	$	$	$	$
Financial liabilities due for payment								
Trade and other payables	-	-	34,268	64,727	43,152	-	77,420	64,727
Total contractual outflows	-	-	34,268	64,727	43,152	-	77,420	64,727

The timing of expected outflows is not expected to be materially different from contracted cashflows.

19 Financial Risk Management

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified din the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Trade receivables and contract assets

Trade receivables consist only one customer who is a reputable bank with high quality external credit ratings.

Credit risk exposures

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company’s exposure to credit risk is limited to Australia by geographic area.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company’s exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2019: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

Interest Rate Risk

Financial instrument composition and maturity analysis

The Company's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Notes to the Financial Statements

For the Year Ended 30 June 2020

19 Financial Risk Management

Interest Rate Risk

	Weighted Average Effective Interest Rate		Fixed Interest Rate		Non-interest Bearing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	$	$	$	$	$	$
Financial Assets:								
Cash and cash equivalents	-	-	-	-	184,372	125,716	184,372	125,716
Short term deposits	2.60	3.00	19,300	19,300	-	-	19,300	19,300
Receivables (excluding deposits)	-	-	-	-	27,043	36,514	27,043	36,514
Total Financial Assets			19,300	19,300	211,415	162,230	230,715	181,530
Financial Liabilities:								
Trade and sundry payables	-	-	-	-	72,821	48,611	72,821	48,611
Lease liabilities	4.79	-	230,139	-	-	-	230,139	-
Total Financial Liabilities			230,139	-	72,821	48,611	302,960	48,611

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are cash and cash equivalents.

Sensitivity analysis

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +1.00% and -1.00% (2019: +1.00%/-1.00%), with effect from the beginning of the year. These changes are considered to be reasonably possible based on observation of current market conditions and economist reports.

The calculations are based on the financial instruments held at each reporting date. All other variables are held constant.

	2020		2019	
	+0.25%	-0.25%	+1.00%	-1.00%
	$	$	$	$
Net results	35	(35)	140	(140)
Equity	35	(35)	140	(140)

Price risk

The company is not exposed to any material price risk.

19 Financial Risk Management

Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

20 Related Parties

The names of directors who have held office during the financial year are:

Kevin John O'Donnell
Gary Racine
Kim Flanagan
Meghraj Thakkar
Derek Dunne
Serge Yan
Anton Zoltan Ady
Terri Bateman
Nesan Naidoo
Winta Zhao

No director or related entity has entered into a material contract with the Company. No director's fees have been paid as the positions are held on a voluntary basis.

Directors Shareholdings:

	2020	2019
Director	**$**	**$**
Serge Yan	2,000	2,000

There was no movement in directors shareholdings during the year.

21 Key Management Personnel 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.

Community Bank Directors' Privileges Package

Agecom Enterprises Limited has accepted the **Community Bank** Directors' Privileges Package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the Agecom **Community Bank** branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank Shareholders.

The Directors have estimated the total benefits received from Director's Privilege Package to be $Nil for the year ended 2020 (2019: $ 1,654) and the details are given below:

	Privileges Discount 2020	**Privileges Discount 2019**
	$	**$**
Director		
Anna McDonald	-	1,190
Kevin John O'Donnell	-	206
Derek Dunne	-	258
Total	-	1,654

22 Auditors' Remuneration

	2020	**2019**
	$	**$**
Remuneration of the auditor of the entity for:		
- auditing or reviewing the financial statements	4,750	4,650
- other services	1,700	1,800
Remuneration of other auditors of subsidiaries for:		
- share registry services	2,000	1,900
Total	8,450	8,350

23 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2020 (30 June 2019:None).

Notes to the Financial Statements
For the Year Ended 30 June 2020

24 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2020	2019
	$	$
Profit for the year	92,148	103,751
Non-cash flows in profit:		
- amortisation	13,504	13,611
- depreciation	45,952	9,223
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	(6,576)	12,649
- (increase)/decrease in prepayments	(318)	(145)
- (increase)/decrease in deferred tax asset	28,957	39,648
- increase/(decrease) in trade and other payables	12,471	(2,126)
- increase/(decrease) in provisions	205	1,883
Cashflows from operations	186,343	178,494

25 Segment Reporting

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

26 Events Occurring After the Reporting Date

The financial report was authorised for issue on 20 October 2020 by the board of directors.

Directors believe that the rapid escalation of COVID-19 and stage 4 government restrictions may adversely affect the operations of the business. At this stage specific details of the impact of the escalation and government restrictions have not yet been determined.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

27 Statutory Information

The registered office and principal place of business of the company is:

Agecom Enterprises Limited
Shop 12, Aspendale Gardens Shopping Centre
11 Narelle Drive
Aspendale Gardens VIC 3195

Agecom Enterprises Limited

ABN: 68 138 046 303

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2020 are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position and performance of the Company;

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

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

Director ....
Kevin John O'Donnell

Director ....
Meghraj Thakkar

Dated 20 October 2020

Ashfords Audit & Assurance Pty Ltd
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Agecom Enterprises Limited

Independent Audit Report to the members of Agecom Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Agecom Enterprises Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company 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 2020 and of its financial performance for the year ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Chair's report, Manager's report and Message from Bendigo and Adelaide Bank, (but does not include the financial report and our auditor's report thereon).

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Agecom Enterprises Limited

Independent Audit Report to the members of Agecom Enterprises Limited

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

Independent Audit Report to the members of Agecom Enterprises Limited

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Ashfords Audit and Assurance Pty Ltd

Chartered Accountants

Ryan Dummett
Director

Suite 5,14 Garden Boulevard, Dingley VIC 3172
29 October 2020